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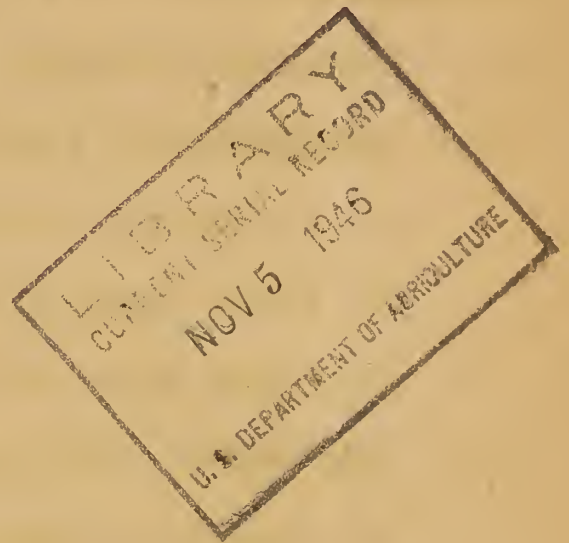
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UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION

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ANNUAL REPORT OF MARKETING FACILITIES BRANCH

FISCAL YEAR ENDED JUNE 30, 1946

Washington, D. C.

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ORGANIZATION CHART OF THE MARKETING FACILITIES BRANCH

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INTRODUCTION

I. FUNCTION OF BRANCH

The function of the Marketing Facilities Branch is to direct all work of the Department of Agriculture relating to the physical handling of farm products from the farm to the consumer. This includes the development of plans and methods of operation of market facilities for the assembly and distribution of products, all transportation programs to obtain adequate transportation facilities and equitable freight rates, and storage programs including the supervision of warehouses. The purpose of all the work done by the Branch in facilitating the physical handling of farm products from the farm to the consumer is to open up larger outlets for products of the farm, reduce the cost of distribution, bring about a more rapid and more orderly flow of products through the marketing system, and as a result of these activities to improve the standard of living of the American people.

The organization chart at the beginning of this report shows that the Branch is divided into four divisions: The Market Organization and Facilities Division, the Division of Warehouse Supervision, the Transportation Facilities Division, and the Transportation Rates and Services Division. This report records the most important activities of each of these divisions for the fiscal year 1946 and points out some of the problems requiring attention if efficient marketing of farm products is to be achieved.

II. PLANNING MARKET FACILITIES

The Market Organization and Facilities Division is charged with the responsibility of determining the need for concentration market facilities and terminal market facilities, for developing plans for such facilities, and for the planning and conduct of any storage programs that are necessary to insure adequate storage space for farm and food products. The specific tasks of this Division are numerous and varied. In its work on concentration markets it cooperates with State agencies and farm groups in studying the operations of existing concentration markets in producing areas, determines whether or not these markets are operating satisfactorily, what changes are needed in existing markets or what new markets are needed, where new ones should be constructed, how much facility is needed, what it should consist of, how it should be designed, how it could be financed, and what methods should be used in its operation.

Similarly, in planning terminal markets for the handling of farm and food products in the larger metropolitan areas the Division works with State and municipal agencies, civic organizations such as chambers of commerce, transportation agencies, trade groups, and

farmers in making a careful study of existing methods of handling and present costs of operation, determining which of the operations can be performed more cheaply, what is wrong with the operation of the existing facilities from an efficiency point of view, the exact nature and size of marketing facilities that are needed, the best available location, how to develop the lay-out and design for new facilities or for expansion of existing facilities, what methods of financing are available, what additional construction will cost and whether or not the expected revenues from its use will repay these costs, and how the proposed facilities can be operated most efficiently to serve the public.

In all this work the purpose is to find out what is wrong with existing facilities, to develop concrete plans and recommendations for the provision of satisfactory facilities, and to promote through such means as are available the construction or establishment of the needed facilities. Individual market plans are drawn to fit the needs of a particular locality. During the year there has been greater interest in this work than has been displayed at any previous time since work in this field began in 1935.

A. Legislation on Market Facilities

Early in the fiscal year the Council of State Governments adopted and submitted to the various States a suggested bill under which nonprofit public corporations could be chartered to build and lease market facilities to the various interests that would use them. This legislation would provide a method by which facilities could be constructed on a self-supporting basis, without profit to the agency owning the facility, and operated by the groups that would use the facilities. The public corporations which would be established under this proposed legislation would be managed by a board of directors composed of representatives of farmers, wholesalers, retailers, and of the city in which the facility is located. The board would be empowered to borrow funds, buy land, build the necessary facilities, and lease them to tenants desiring to use them for rental charges that would as nearly as possible over a period of years liquidate the cost of the investment.

This method of constructing markets has a number of advantages, chief of which are that it makes certain that the facility will be built and operated in the interest of efficient food handling and that it will be self-supporting but at the same time not result in unduly high rentals for the tenants, and thus add to the cost of distribution. Several States, including Mississippi, Virginia, and New York, have enacted or are considering the enactment of legislation following the general pattern recommended by the Council of State Governments. The Province of Ontario, Canada also has the matter under consideration. It is understood that since most of

the State legislatures will be meeting during the early part of 1947 this legislation will be considered by many of them.

The subcommittee of the House Committee on Agriculture, which is investigating the operations of the marketing system, has given considerable attention during the year to the inadequacy of market facilities for the efficient handling of farm products and a number of members of this committee have visited some of the larger markets of the country and seen their actual operation. It appears to be the desire of this committee to assist in whatever way it can in remedying the unsatisfactory conditions that it has found to exist. The committee appears to believe that satisfactory market facilities can improve the return to growers, expand the outlets for farm products, reduce cost of distribution, give consumers a larger quantity of food in better condition at lower prices, and provide members of the trade with much more suitable conditions under which to operate--all of which would facilitate the operation of the private marketing system and tend to reduce the extent to which Government agencies would have to buy and distribute products on their own account. As a result of its investigations this committee has recommended legislation which would authorize the Department to extend its assistance throughout the country in planning satisfactory market facilities at all stages of the marketing process and for all commodities.

B. Market Facilities as Public Works Projects

During the year since hostilities ceased many people have been turning their attention to the possibility of postwar improvements and to the likelihood of a postwar public works program at some future time. This has quite naturally focused the attention of many groups on the desirability of planning efficient public markets as a part of the postwar construction program, because these projects can be self-liquidating and if properly developed would benefit many groups. The Federal Works Agency has called the attention of all of its State offices to the importance of public markets and suggested that consideration be given to such projects in places where there is a real need for new or enlarged facilities. The Agency has further suggested careful advance planning to make certain that any proposal for market facilities will be as good as possible and will result in real improvement in the distribution and handling of food in order that any money that may at some future time be expended for the purpose will not be wasted but will make a real contribution to the welfare of the Nation. The Federal Works Agency has pointed out to its State offices that any local group desiring assistance in planning markets should make its needs known to this Branch.

C. Market Plans Developed This Year

As a result of this interest in the planning and development of market facilities the Branch has received more requests for assistance during the past year than ever before in its history. As a matter of fact, it has received far more requests than the present staff is able to meet, although within the year the number of these workers has been doubled and funds have been made available to increase the force by another 50 percent. Even this expansion will not enable the Division to give the service expected. Therefore, it will be necessary, as it has been during the past year, to confine activities to market facilities for perishables and to work only in those localities where there is reasonable assurance that the plans developed will be put into effect.

Later in this report there is some discussion of each of the main projects that have been conducted in this field during the year; here some of the high lights are recounted. In Mississippi the appropriate State agencies and the State Legislature became very much interested in planning and building a satisfactory system of State markets and requested the assistance of this Division. The Division helped to plan the necessary legislation which was enacted and helped reach the conclusion that the initial market should be built in Jackson. It then made the necessary studies in cooperation with the State people to determine how much facility should be built in Jackson and drew up the detailed lay-out and operating plans. Then the State Legislature appropriated more than half a million dollars to be spent in building this first market. It is intended that after this market is constructed attention will be given to such other facilities as may be needed in the State.

During the year the Branch published a report on its findings in connection with the Richmond market which among other things recommended that a public corporation be established to provide the recommended facilities. As a result of this recommendation the Governor has established such a corporation and the members of the board have been appointed. This Branch is now working with the board, appropriate State agencies, the Chamber of Commerce and others perfecting the actual plans for construction.

Much additional work has been done during the year in Hartford. The city has joined the State and the Market Authority in backing the proposed facilities there. The site which the Division has recommended has been purchased and final plans for the facility are now being drawn. Study has been continued by many groups of the recommendations made by the Division several years ago for the construction of a new market in New York City which would handle about one-eighth of all the fresh fruit and vegetable production for market of the entire Nation. Legislation for the creation of a market authority to select a site and build the market is being

considered by the appropriate committee of the State Legislature and a large local committee is actively at work on the project. This latter committee includes farm representatives from all parts of the country, representatives of the wholesale and retail trade in New York and surrounding States, as well as representatives of various Government agencies and civic groups. The group is determined that the best possible facility will eventually be provided in this, the Nation's largest market. New studies during the year have been undertaken in Columbus, Ohio; New Haven, Conn.; Tampa, Fla.; and a number of other localities. The status of these projects is discussed more fully later in this report.

III. COLD STORAGE WAREHOUSING

A. Program to Insure Adequate Space

The Division continued to devote considerable time and attention to cold storage warehousing. Although the occupancy of cooler space has not been as great as in recent years, a shortage of freezer space has continued. For this reason it was necessary throughout the year to regulate the movements of commodities into and out of freezers in order to attain maximum use of the space. One of the most serious problems that developed in this connection was the need for freezing large quantities of meat for overseas shipment. Since most public warehouses are not equipped for freezing carcass meat, not having the racks and necessary handling equipment, the only way they can freeze animal carcasses is to spread them out on the floor. Such a method is very wasteful of space and does not provide very much revenue to warehousemen in relation to the cubic feet of space required and the labor necessary for the operation. Suitable arrangements, however, were worked out through the cooperation of the Office of Price Administration and the warehousing industry for freezing all the meat that had to be frozen to make good the Nation's commitment for overseas shipment.

During the year there was some relaxation of restrictions on the use of cooler space. Except in a few port areas most of the cooler provisions of War Food Order 111 are suspended. In addition to the order regulating the use of cold storage space the program conducted to make certain there would be sufficient cold storage space to care for perishable foods has included the following activities: Collection and release of complete up-to-date information on available warehouse space; maintenance of contact with the warehousing industry through an advisory committee, in cooperation with which plans and programs were developed in the cold storage field; encouragement of the storage of products in warehouses and areas where they have not usually been stored; working with warehousemen to obtain the most effective use of space

and the conversion of considerable space from cooler to freezer to get maximum flexibility in its use; and obtaining of priorities to insure that such new construction as could be undertaken was placed in the areas of greatest need.

B. Survey of Warehouse Capacity and Wartime Expansion

A complete survey was made of the capacity of all cold storage warehouses of the country. This survey for a long period of time has been made every 2 years. The latest survey is of particular interest because it provides information on the total expansion of cold storage warehouse space accomplished during World War II. The report on this survey, which is about ready for release, shows the capacity by types of space and by types of warehouses, by States. It also shows that during the war period, 1941-45, the capacity of freezers in public cold storage warehouses (exclusive of apple houses) increased 32 percent, while the amount of such cooler space increased 7 percent.

In this connection it should be pointed out that throughout the war period cold storage warehouse space was expanded as rapidly as machinery manufacturers were able to turn out the necessary refrigeration equipment. This Division under its cold storage priority program simply saw to it that the expansion made was in the areas of greatest need and in the type of warehouse that would have the greatest average year-round use. In other words, since it was impossible for the refrigeration machinery manufacturers to turn out any larger quantity of equipment it was necessary to see that the equipment made available was put to the best possible use; this was the sole basis for the priority recommendations of the Division because all the space that could be built was needed to handle the wartime food program.

C. Cold Storage Reports

The Division continued to prepare and release its monthly reports on cold storage holdings of various commodities and the amount of space occupied. This report was enlarged to show the quantity of each commodity held by Government agencies as compared with that held by private individuals. The report has served as the basis for all the cold storage programs conducted by the Branch and has been used by the commodity branches of the Production and Marketing Administration in their commodity management, by the Office of Price Administration and the Civilian Production Administration in their programs, by the Office of Defense Transportation in regulating the movement of commodities to ports, and by the trade and farm groups as market information. In addition to the survey on warehouse capacity and the Monthly Cold Storage Report, special reports issued included a report, with recommendations, on the outlook for egg storage space; a report on the apple

storage situation that showed by States the quantity of apples that would be offered for storage in relation to the available space and made recommendations for meeting any shortages; reports on the holdings and freezing of fish prepared in cooperation with the Department of the Interior; monthly reports on the production of margarine; and reports of several special studies on cold storage needs for use of the Department, trade agencies and research foundations.

IV. WAREHOUSE SUPERVISION

A. Activity Under Warehouse Act

The Division of Warehouse Supervision administers the U. S. Warehouse Act and inspects the warehouses used by the Shipping and Storage Branch for storing commodities owned by the Commodity Credit Corporation and handled by that particular Branch. Under the U. S. Warehouse Act warehouses and warehousing operations are supervised only when the warehouse operator voluntarily comes under the act and can meet the requirements. When an application is received from an eligible warehouseman an inspection is made of the facility, the financial standing of the firm, and the trade experience and ability of its operators. If the necessary requirements are met, a license is issued together with licenses to persons qualified to sample, inspect, weight, and grade the products handled by the warehousemen in the facility. After licensing, the operations of the licensees are supervised to see that all requirements of the Warehouse Act are met, that the facility remains in good condition, and that the products of the required quantity and grade called for in the receipt are actually present in the warehouse and are in good condition. More than two billion dollars' worth of agricultural products were stored in warehouses licensed under the act and supervised by this Division, and no storer of any product in any warehouse suffered financial loss. Thus was maintained the record of never having had a loss since the act was passed. At the close of the year approximately 1,340 warehousemen were licensed and about 3,385 licenses were in effect for persons to sample, weigh, inspect, and grade products under the act. In supervising these warehouses approximately 4,400 examinations were made during the year, or an average of more than 3 inspections per warehouse. In a subsequent part of this report where the work of the Division of Warehouse Supervision is discussed in more detail there is a table showing the licensed capacity of each type of warehouse licensed under the act as of June 28, 1946.

B. Investigation of Alleged Violation of Warehouse Act

An extensive investigation in the Chicago market of practices in the warehousing of rye, covering a 3-year period, was undertaken

and completed. This investigation was made as the result of the complaint filed by a Chicago grain merchant who alleged a number of violations of the Warehouse Act. The investigation required a detailed examination of records, for the 3-year period, covering some 21.5 million bushels of rye and showing for whom each carload or vessel cargo was received and delivered together with its weight, grade, quality, and date of receipt and of shipment. Investigation showed that all except a small portion of the rye was originally deposited over the 3-year period by the elevator operators rather than by the public generally, and that none of it was brought into the elevators by the complainant. The investigation showed further that rye of the quantity and grade represented by the receipts surrendered was delivered except in such cases as the holder of the receipt volunteered to take another grade when satisfactory monetary adjustment was made. The investigation failed to sustain a single charge made in the complaint.

C. Important Court Decision on Scope of Warehouse Act

One of the most far-reaching court decisions ever made in the history of the Warehouse Act was made in 1945-46. Over the years the question has continued to come up as to whether a warehouse licensed under the Federal act is also subject to the jurisdiction of State warehouse departments and public utilities commissions. A grain firm in Chicago filed action against certain warehousemen licensed under the U. S. Warehouse Act with the Illinois Commerce Commission, alleging violations of the Illinois Grain Warehouse Act and the Public Utility Act of that State. The defendants filed motions to dismiss the proceeding in the Illinois Commerce Commission on the grounds that that agency was without jurisdiction because the warehouses involved were under the supervision of the Federal Department.

After passing through various stages the case was finally heard by the U. S. Circuit Court of Appeals, which ruled that the Federal Government had so occupied and preempted the field that the State was without jurisdiction and that the exercise of any authority over the warehousemen by the State Commission would thwart the primary purpose which Congress sought to accomplish in passing the U. S. Warehouse Act. The Court not only reached the conclusion that the Federal jurisdiction was exclusive and complete so far as the licensed warehousemen are concerned but that the Secretary even had exclusive authority to determine rates that would be fair both to the public utility and to the public. The decision of the Court was unanimous. Therefore, unless there is an appeal to the U. S. Supreme Court, it would appear that the issue is settled that when a warehouse is licensed by the Federal Department it is not required to be licensed and supervised by any corresponding agency within the State.

D. Supervision of Warehousing of Commodities
Owned by the Commodity Credit Corporation

By order of the Secretary of March 5, 1946, the function of inspecting warehouses in which Department-owned or controlled commodities are stored by the Shipping and Storage Branch was transferred on May 1 from the Shipping and Storage Branch to the Marketing Facilities Branch and the responsibilities so transferred assigned to the Division of Warehouse Supervision so that this warehouse inspection function might be merged and integrated with the administration of the Warehouse Act. In addition to the original inspection and approval of all warehouses used by the Shipping and Storage Branch, the responsibility was also transferred for inspection of the commodities stored by the Shipping and Storage Branch in such warehouses to ascertain that they are actually in the warehouses and to find out their condition. Reports are made to the Shipping and Storage Branch of the results of the inspections and the Shipping and Storage Branch has the responsibility of arranging for the reconditioning of any product found to be going out of condition. The Shipping and Storage Branch is also instructed not to use any warehouse that has not received prior approval by the Division of Warehouse Supervision. This transfer of warehouse inspection of the commodities owned by the Commodity Credit Corporation did not apply to the warehouse inspection services performed by any branch except the Shipping and Storage Branch. Thus this Division has no responsibility for approving warehouses or checking the condition of commodities owned by the Commodity Credit Corporation when these commodities are handled by the Grain Branch, the Cotton Branch, the Wool Division of the Livestock Branch, or any other branch that may have such functions. Such warehouse supervision, if any, remains the function of those branches.

It was estimated that from two-thirds to three-fourths of the time of the approximately 80 employees of the Inspection and Maintenance Division of the Shipping and Storage Branch was taken in performing functions that were transferred. However, the Marketing Facilities Branch agreed to undertake the assignment with the transfer of only 35 of the 80 employees and up until this time has not felt any need for increasing this number. The 35 people transferred are being integrated insofar as possible with the field offices that are already operating in the administration of the Warehouse Act, in order to eliminate unnecessary travel and thus reduce the expense of the warehouse supervision function. This increased efficiency was made possible by combining the warehouse inspection work in one office and by some decline in the volume of commodities stored for the Government.

V. ACTION TAKEN TO OBTAIN SUFFICIENT TRANSPORTATION FACILITIES

The Transportation Facilities Division has been concerned throughout the year with a shortage of transportation facilities for

transporting farm and food products. Transportation dislocations have continued since the end of the war and we are still faced with shortages of boxcars for the movement of grain and grain products and with shortages of refrigerator cars for the movement of perishables.

A. Refrigerator Cars

The handling of perishable freight has been one of the most urgent problems during the past year. Increased production in the face of declining numbers of refrigerator cars to move the traffic has brought serious shortages during peak periods of movement. We have constantly urged the carriers, private car lines, the Office of Defense Transportation, and the Interstate Commerce Commission to see that some of the cars going out of service are replaced and that the present fleet is rehabilitated. During the year the percentage of bad order refrigerator cars rose to a very high figure and this Division took the initiative in arranging for satisfactory quantities of labor and materials to repair the idle cars and get them back into service. The Division further urged that the Interstate Commerce Commission take suitable action to cause the railroads to handle refrigerator cars more promptly, as most of the pressure had been placed on shippers and receivers to load and unload cars promptly, but there was evidence of substantial delay in moving the cars after they were loaded or unloaded. Throughout the year the Division made forecasts a month or so in advance of the requirements for refrigerator cars in the different parts of the country and transmitted this information to the carriers, the Association of American Railroads, and the regulatory bodies. On the basis of these forecasts, which proved to be unusually accurate, the necessary steps were taken to provide for proper distribution of equipment in accordance with the demand so that the hardships of the car shortage would be minimized insofar as possible. A representative of the Division has regularly attended the meetings of the Refrigerator Car Lines Advisory Committee and transmitted recommendations from the Division for remedial action that it considered necessary to meet the conditions that arose.

B. Boxcars for Grain

Preceding the marketing of the record wheat crop of 1945 the Division made a study in cooperation with the Bureau of Agricultural Economics and the Field Service Branch to determine the amount of grain that would be harvested in each crop-reporting district and the amount of storage space that was available in each district for handling the grain, thus determining where there would not be sufficient storage space to protect the product. This information was tabulated well in advance of the grain harvest and arrangements were made with the Association of American Railroads to move

large quantities of boxcars into those specific crop-reporting districts where there would be insufficient storage space, so that the storage facilities in those districts would be emptied as nearly as possible before the new crop began to be harvested. Then after harvest began regular reports were received from every problem district in the grain area of the progress of harvesting, the extent to which the existing space was filled, and the amount of grain, if any, that was being piled on the ground. This information was likewise passed on to the Association of American Railroads for guidance in the distribution of the car supply. As a result of the combined efforts of all these agencies a much better job was done in transporting grain during the past season than anyone had thought could be done before the season started.

C. Grain Movement on the Great Lakes

During the war the volume of grain movement on the Great Lakes was of primary concern and we found it necessary not only to take steps to get maximum use of existing vessels and additional vessels placed in the service, but also to issue a food order which controlled the lake grain movement. Under this order permits were issued governing the movement of 389,958,046 bushels of grain. Toward the close of the 1945 season, on October 22, the order was canceled. With plenty of shipping space available in the 1946 season there has been no difficulty thus far in obtaining vessels to move the grain, but the monthly reports of grain movements on the Great Lakes by points of origin and destination which are furnished to the Office of Defense Transportation, the Interstate Commerce Commission, and others to assist in the proper handling of the large quantities of grain that are being moved for use in this country and shipment abroad are being continued.

D. Efforts to Restore Coastwise Shipping

During the severe refrigerator car shortage in late 1945 and early 1946 we sought to alleviate the situation by getting the coastwise shipping service restored to move products between the Gulf and South Atlantic ports and North Atlantic ports. By late January progress had been made toward getting some ships in service but the program was temporarily blocked by the belief of some that the coastwise rates of the water carriers should be substantially increased above prewar levels and that the railroad rates likewise be increased to the point where the competitive relationships between rail and steamship lines would not be disturbed.

The Branch felt that it could not support an increase in all-rail rates at which the vast majority of the products are transported simply to make it possible for boat lines, which ship only a minor part of them, to increase their rates without fear of later loss of business. Furthermore, it was of the opinion that, if a proper coastwise shipping service was installed promptly, sufficient

traffic would be available without such an increase in railroad rates because of the fact that there simply was not enough railroad equipment to move the commodities which would of course force the shippers to use the boats. We also objected to such a great increase in boat rates without an adequate basis for determining what increases were desirable, and urged that the War Shipping Administration restore the service at rates approximately in line with prewar rates with the understanding that after operating experience had been gained under postwar conditions appropriate rate adjustments could then be made. This finally became the basis on which the matter was worked out and coastwise shipping has been resumed.

E. Other Activities to Provide Transportation

In addition to these major problems concerning refrigerator cars, boxcars for the movement of grain, the handling of grain on the Great Lakes, and the provision of coastwise shipping service, the Transportation Facilities Division has engaged in many other activities all designed to insure the adequacy of sufficient transportation or to minimize the difficulties when sufficient transportation facilities simply could not be found. To illustrate the work that it did during the year, it might be pointed out that this Division took the initiative in getting the restoration of package freight service on the Great Lakes; represented the Department in determining the essentiality of truck tires for various purposes; worked with the Civilian Production Administration in obtaining priorities for materials needed by transportation agencies; requested the Interstate Commerce Commission to issue priorities for boxcars for moving grain and giving preferences to cars moving directly to ports; made traffic forecasts for grain, grain products, livestock, and perishables to determine the amount of transportation equipment that would be needed in each part of the country during each period of the year; prepared a report on rates, classifications, and transportation facilities for use in connection with the development of the South; made a study of the Bulwinkle Bill with respect to agreements between carriers and testified before the Senate Interstate Commerce Committee on the subject; prepared the necessary material on transportation to be used in connection with the Production Goals Program; made an investigation of the expenses of water carriers; determined the volume of traffic that certain water carriers could expect to retain if they resumed operation; and served as a staff for the Transportation Officer of the Production and Marketing Administration; and maintained contact with officials of the Office of Defense Transportation, the Interstate Commerce Commission, the Association of American Railroads, and other agencies. A more complete discussion of some of these activities carried on by this Division appears on subsequent pages of this report.

VI. WORK ON TRANSPORTATION RATES AND SERVICES

The Transportation Rates and Services Division has been particularly active during the past year. In addition to its regular work authorized under Section 201 of the Agricultural Adjustment Act this Division during the year absorbed the traffic work of the Agricultural Adjustment Agency, made arrangements to service the Federal Crop Insurance Corporation in the transportation field, and handled the administration of the 28-Hour Law requiring the unloading, feeding, watering and resting of livestock being transported.

Following its usual line of work the Division took part in 43 formal dockets, 11 investigation and suspension dockets, and 7 financial dockets before the Interstate Commerce Commission and 7 formal dockets before the Maritime Commission. There were also some 50 rate and regulation items negotiated directly with the carriers or their agents. Rate actions in which this Division has participated brought savings during the past year of approximately \$200,000,000 in the cost of transporting farm and food products. This figure includes the monetary results of new actions obtained during the year plus the savings accruing during the year on actions which had been taken by the Division in previous years. Accumulative savings since the inauguration of the work of this Division in 1939 amount to approximately \$800,000,000.

A. General Freight Rate Increase

The most important single rate case participated in during the year was the case known as Ex Parte 162, in which the railroads attempted to obtain without a hearing a general increase of 25 percent on nearly all freight rates. The railroads based their case primarily on an estimate of an approximate 20 percent reduction in traffic and the increased operating expenses resulting from increased wages and material costs. The Division felt that the estimates of falling traffic were unduly pessimistic, and that there had been faulty calculations in the financial position and operating costs of the carriers, each of which tended to overestimate the extent of the carriers' need for increased rates. The Division also felt that the condition of the carriers was not so precarious as to require a general rate increase so quickly as to make it impossible to take the time for a proper hearing, and felt that perhaps one of the reasons for the urging of such great speed was the desire to get the adjustment made on the basis of the lower traffic volume which naturally prevailed during the period when a large part of the nation's industry was strike-bound and when traffic was off because of the necessity of reconverting from a war to a peacetime basis. The Branch took an active part in this hearing, putting into it the combined resources of the Transportation Rates and Services Division and the Transportation

Facilities Division, borrowing economic assistance from the Fruit and Vegetable Branch and the Bureau of Agricultural Economics, employing an experienced railroad accountant, and enlisting the aid of the Under Secretary of Agriculture as a witness. In addition to this work within the Department the Branch cooperated with the Office of Price Administration, the national farm organizations, many trade organizations, and State public utility commissions in preparing the necessary material for presentation at a hearing, which the Interstate Commerce Commission called on very short notice.

The essential position taken by the Branch and its associates at this hearing was that the country is facing for the next year or two a period of very great prosperity when there will be a large volume of traffic due to the continued high production in the agricultural field to meet world food requirements and the pent-up demand for consumers' goods; that this volume of traffic will be nothing like as low as the carriers' estimate; that some of the decline in volume that may occur will be offset by the fact that much of the traffic being lost moved at land grant rates, whereas the commodities replacing it will move at full rates; that the carriers overestimated their operating expenses; that their profits for the past year or two have been understated because of the extent to which they expanded their equipment through rapid tax amortization; and that their own figures showed that their financial position was not such as to require such speedy action. The position was taken that any increase that might be granted should be much smaller than 25 percent and that a full and complete hearing should be held at a later date to consider the question fully. As a result of this hearing the Interstate Commerce Commission ruled that instead of the 25 percent increase requested by the carriers the increases should be 3 percent on all unmanufactured agricultural products and 6 percent on most other commodities, with an additional 5 percent charge to be levied on all freight in Official Territory. The Commission further ruled that at a later date a number of hearings would be held in different parts of the country in order to determine all the true facts of the situation. Thus in effect the decision reached by the Commission was the one advocated by the Branch and its associates. If the 25 percent increase requested had been granted it would have cost farmers and processors of farm commodities an additional \$272,000,000 per year without taking into consideration the increases on many commodities used on the farm and the increases on many manufactured food products.

B. General Wool Rate Investigation

The next most important case participated in during the year was the general wool rate investigation which the Interstate Commerce Commission is holding at the request of the Department of

Agriculture. The first hearings on this case commenced on February 13, 1946 at Chicago and were followed by further hearings at Fort Worth, Denver, Salt Lake City, Portland, and San Francisco. This Branch introduced its main evidence into the record at the Chicago hearing at which time six witnesses appeared and 125 exhibits were introduced. Up until the end of the fiscal year only the evidence of the protestants in the case had been received. The railroads have been instructed by the Interstate Commerce Commission to distribute their exhibits in the very near future, following which it is expected that further hearings will be called in the early fall to permit the necessary cross-examinations. This is a most important case in that it gets into the entire wool freight rate structure of the country. It is the belief of this Branch that wool freight rates are definitely out of line and that radical readjustments are necessary, and it feels that the evidence which has been presented to the Commission will amply support this conclusion.

C. Water Transportation

In the latter part of this report some of the other rate actions participated in by this Division are briefly described. It will be noted that these other cases deal largely with rates on particular commodities between certain points or areas, and while important to the particular commodity groups do not for the most part affect the entire country as in the case of the actions described above. It should be pointed out that this year for the first time the work on transportation rates has been expanded to include water transportation. Heretofore funds have been available only for work on railroad freight rates, but for the past fiscal year Congress increased the appropriation for this work to enable us to get into the water transportation field. In order to start this work on water transportation on the best possible basis a study is being made of all features of export shipping requirements such as shippers' declarations, consular invoices, steamship conference agreements, boat charges of all descriptions, differentially lower export railroad freight rates, and the publication of equitable ocean freight rates from American ports to foreign ports. A survey will also be made of intercoastal, coastwise, Great Lakes, and inland waterways to see what adjustments in rates and services are needed to facilitate the use of these means of transportation where they are economically suited for moving farm products. Several actions have been taken during the year looking toward the prevention of any unnecessary increases in water transportation rates as the service is being restored since the cessation of hostilities. Some of the results of these efforts to keep down the size of the increases appear later in this report.

Toward the latter part of the fiscal year in an effort to stimulate work in the field of water transportation this Branch, in cooperation with regional, State, and local officials in the South, conducted a series of discussions in New Orleans lasting several days. These meetings were attended by approximately 200 representatives of water carriers, railroad carriers, farm and trade organizations, and city and State agencies including some of the State Commissioners of Agriculture in the area. It was the purpose of the meetings to analyze the water transportation problem as it relates to the exportation of farm products in this country in an attempt to develop plans for future action. The "clinic" as it was called, proved to be a very satisfactory method of getting these various groups together for working on such problems. It is thought that during the coming fiscal year a similar clinic may be held on the west coast and perhaps one on the Atlantic coast so that our complete water transportation program may be built in cooperation with the export interests in the three coastal areas, thus insuring adequate attention to the problems of all parts of the country.

D. Enforcement of 28-Hour Law

Activity during the year in connection with the enforcement of the 28-Hour Law has been the greatest in history. An attempt has been made vigorously to enforce the act, which requires that no carrier shall confine livestock in cars, boats, or vessels for a period longer than 28 consecutive hours (36 hours if approved by the owner) without unloading them in a humane manner into properly equipped pens for rest, water, and feeding. A total of 2,068 violations were reported, 244 violations were referred to the Solicitor, and 420 to the Department of Justice for necessary action. More than 1,100 cases were terminated, resulting in 993 convictions. Total penalties assessed during the year for violations amounted to \$91,250, which is about three times the funds that are appropriated for the administration of the act. Penalties amounting to \$91,250 were collected as compared with \$29,750 collected during the last year before this activity was taken over by this Branch. Although all that is possible within the limits of existing funds is being done to administer this act satisfactorily, it is possible with the existing staff to analyze and take action on only about 100 cases a month and to examine records for violations in only a limited number of localities. Therefore, it is reasonably certain that no more than 25 percent of the violations occurring under this act are ever detected.

E. Transportation Service to Other Agencies

During the year the small service unit established within the Transportation Rates and Services Division with funds provided by other agencies in the Department has been very active in supplying rate tabulations and transportation services of one kind or

another to the Field Service Branch, the Grain Branch, and the Cotton Branch in connection with commodities transported by them and to the Federal Crop Insurance Corporation for its use in making administrative determinations on various subjects in the crop insurance field. In addition to providing these agencies with thousands of rate quotations this unit supplies transportation advice on a wide range of subjects; provides information on transportation regulations and requirements; and devotes a considerable amount of time to the preparation of cases to be filed by these agencies before the carriers and the courts in connection with the handling of their business. This unit to serve all these agencies was established as a result of voluntary agreements between the Marketing Facilities Branch and the other branches affected because it was thought by all persons concerned that the service could be rendered more efficiently and more economically in this way than by each agency maintaining its own staff for this purpose. The unit functions for the agencies only on request and the agencies are billed for the cost of the service rendered them.

- VII. FUTURE PLANS

These are the highlights of the work undertaken by the Marketing Facilities Branch during the past year. On the pages which follow the individual accomplishments of the various divisions are discussed in more detail. It is hoped that during the coming year the Branch will be able to accomplish even more than it has in the past in improving the efficiency of the physical handling of farm products from the farm to the consumer. We have been supplied with some additional money for work in the truck transportation field and for an expansion of work in planning market facilities on poultry and eggs, and legislation is now pending which if passed would broaden the work that the Department is in a position to do on market facilities, storage, and transportation. Passage of the legislation would make it possible to study and attempt to find solutions to many additional problems involved in the physical handling of farm products which we are not in a position to work on at this time. The physical handling of farm and food products from the farm to the consumer is the most important single item of expense in the total cost of marketing farm products, and much work needs to be done to insure that these operations are as efficient as possible and to help the private marketing system perform its function of distributing the output of the Nation's farms to the consumers in this country and throughout the world. It is the policy of this Branch in the conduct of this work to cooperate fully with other agencies of the Department and the Federal Government, with the appropriate State agencies, transportation agencies, warehousemen, civic bodies, members of the trade, and farm groups. Through such cooperative action it is felt that a more efficient job can be done and greater results can

be accomplished than if the Branch were to try to deal with these problems alone. It is believed that the cooperative relations between the Branch and all these agencies are good, but it is the intent of the Branch to do everything possible to extend this cooperative work during the coming year.

MARKET ORGANIZATION AND FACILITIES DIVISION

The function of the Market Organization and Facilities Division is to develop improved marketing facilities and better methods for the physical handling of farm commodities in concentration and terminal markets and in warehouses. This involves working out programs to provide facilities which will assist in the orderly marketing of these commodities, and at the same time, through increased efficiency, serve to bring higher returns to the growers and reductions in costs to the consumers.

The distribution of food products is often a job of moving a great volume in the quickest possible time but with the necessity of special handling methods because of various degrees of perishability. The job is expensive because of its size and because of the way it must be done. Just how much is the spread between what the consumer pays and what the producer gets depends in part upon handling facilities and equipment. If these are suitable and adequate, the job can be done more easily and more cheaply than if they are too small, too few, or inefficient in any way.

Distribution from the farm to the consumer involves the use of many types of facilities. In the production area it is necessary to assemble and prepare commodities for shipment to distant consuming points. This may require the establishment of a concentration or assembly market where products can be brought together in large enough quantities to attract buyers. These markets may simply consist of farmers' sheds with a raised platform underneath, which makes possible the carrying on of the business of buying and selling produce with ample protection from the weather and facilities for the proper display of commodities. In some cases it may be necessary to provide a packing shed to permit proper washing, grading, and packaging of a commodity in preparation for shipment. The packing shed may be constructed in connection with the farmers' sheds or in some instances it may prove to be the only facility needed for assembling purposes. At times it is found desirable to process certain commodities at the shipping point, and, therefore, a processing plant becomes a necessary part of the concentration market function.

It is neither possible nor desirable that all commodities move immediately from the farm to the consumer's table at harvest time and, therefore, some provision for warehousing must be made. Since the conditions under which different commodities must be stored are varied, the construction of several types of storage buildings is required and many kinds of specialized machinery and equipment have to be used.

In the consuming areas a large proportion of farm commodities move through city wholesale terminal markets to local retailers

or out-of-town buyers. These wholesale produce markets in most of our cities have failed to keep pace with changes and developments incident to the metropolitan growth. In many of our largest cities the facilities for the wholesaling of food commodities have changed but little, while the volume of supplies handled through them has increased tremendously and there have been considerable changes in methods of transportation and delivery. Many of them are so antiquated that they came into use before railroads, so there is no way that produce arriving by rail can reach the wholesaler's store without excessive handling which entails waste and additional costs of distribution.

Most of the wholesale stores are in old buildings which were erected for some other purpose. They are located on busy, narrow city streets where there is much interference from traffic having no relation to the market, and there is insufficient room for vehicles bringing produce to the market to pass one another, to approach the vicinity of the store for delivery, or to find needed parking space. The result is wasted hours in marketing and the accumulation of additional costs for labor to carry packages of produce several blocks to a store or to push them on hand trucks.

Frequently the market is located in a built-up section of the city where expansion is either impossible or can be made only at prohibitive costs. As a result, supplemental markets or facilities often have been located in other places, which caused a splitting and duplication of markets, additional handling and hauling between them, and added costs of operation. Often there is no definite market area but only many widely scattered places at which the products are received and handled, with stores of the wholesale produce dealers intermingled among other types of business.

The extent of the inadequacy of facilities for the wholesale marketing of food products in our larger cities may be illustrated by information which was gathered concerning twenty of the major fruit and vegetable terminal markets in the United States. These markets serve a metropolitan population of approximately 40 million people or nearly one-third of the consumers in the entire country. More than 800,000 carloads of fruits and vegetables move through them annually. The importance of these markets to farmers throughout the country as an outlet for their products is further indicated by the fact that on the average they draw supplies from 34 States. Receipts in one of the markets came from 46 States, and 14 was the lowest number of States from which any market received supplies. The majority of the markets studied distributed produce in from four to nine States.

The survey indicated that fifteen out of the twenty cities had need for extensive improvement in their fruit and vegetable

wholesale marketing facilities. The following are examples of the major marketing problems existing in these cities:

1. Markets in 13 of the cities do not have direct railroad connections to the stores.
2. Congested traffic conditions existed in the markets of 15 cities.
3. Markets in 11 cities have an excessive amount of handling of produce by hand labor.
4. Markets in 14 cities have an excessive amount of hauling of produce.
5. Two-thirds of the markets have old and poorly designed store buildings.
6. There are 64 separate markets in the 20 cities studied.
7. Eight of the cities have duplicate railroad facilities.
8. Discriminatory restrictions on the use of facilities by competitive transportation systems exist in 14 cities.

During the war the critical need for extensive improvement of marketing facilities became more apparent as the food industry was called upon to handle record-breaking quantities of farm products. Problems that had existed before the war were emphasized by the necessity of doing a bigger job with inadequate and inefficient facilities for accomplishing the work. At the same time a pronounced shortage of available labor increased the difficulty of meeting the heavy wartime demand for additional food supplies and the industry became acutely aware of the slowing up of operations because of the lack of proper facilities making it necessary to use much more labor than would otherwise have been needed.

It is not expected that the passing of the war emergency will end or even greatly decrease the enhanced quantities of farm products taxing many of our marketing facilities. Recognition of this has been manifested during the past year by the widespread interest in improving market facilities shown by farm and trade groups, civic organizations such as chambers of commerce, and State and city officials. While the war was on materials required for building markets were critically scarce and therefore very little construction has taken place in the past five years. Most of these materials still are either not available or can be secured only in very limited supply. However, the Market Organization and Facilities Division has been working with other agencies and persons interested in market improvement to complete plans so that construction can be started immediately when materials can be obtained.

This Division functions as a service agency. Briefly its method of operation is to go into an area at the invitation of the local people to help them in analyzing their needs. Its staff consists of persons who are trained specialists in the various phases of market facilities planning. For example, it has marketing

economists who are acquainted with the special market problems involved in the handling of different kinds of commodities. It also has engineers who are experienced in planning market layouts, designing market structures, and installing equipment which is used in the market to make for more efficient operations.

Upon request of a responsible public or civic agency, which is interested in the improvement of market facilities, the Division sends men into a locality to give all possible assistance in planning a market. This usually consists of assisting them in making a preliminary investigation to determine whether or not there is an economic need for building a new market or for improving an existing market. If the facts developed show that facilities should be constructed, further study is made to determine the size and type of market needed. For instance, as previously pointed out, in some cases it may develop that all that is needed is a farmers' assembly market with sheds for protecting farmers' and buyers' trucks from the weather and with display platforms to be used for the proper showing of merchandise. In other cases, a complete terminal market with farmers' and truckers' sheds, stores for dealers, a refrigerated warehouse, a processing plant, and other facilities may be needed.

As a part of the study, an engineering survey is made to determine the most favorable site or sites for locating the market. Preliminary plans are prepared, showing on sites selected possible market layouts which will operate efficiently. Also, preliminary cost estimates are prepared and suggestions are made regarding the most economical building materials.

An effort is also made to determine the financial soundness of the proposed market; i.e., the estimated costs of construction and operations and whether or not the possible sources of revenue will amortize the investment within a reasonable length of time. Recommendations are made regarding methods of management.

The information obtained in such a study is all brought together in the form of a report which is submitted to the sponsoring group for their use in developing their market project.

After the study has been completed, if the local group decides to build a market, our people will hold such further consultations as may be desired until the market is constructed and is a going concern.

I. MARKET FACILITIES

A. Terminal and Concentration Markets

During the past year we have had requests for assistance in planning markets from State and local marketing people in about 25 cities.

Needless to say, we have been unable to make complete studies in all of these places even with the local interests rendering material assistance in doing the work involved in gathering the information that it is necessary to obtain before an analysis of the marketing facility needs can be made. Also, in some cases, because of the inability to secure building materials or for other reasons developed after preliminary investigation, it was agreed by all parties concerned that the time was not ripe to make a complete marketing survey, but that additional "spade work" could be done in order that the project would move forward without delay when the right time should come.

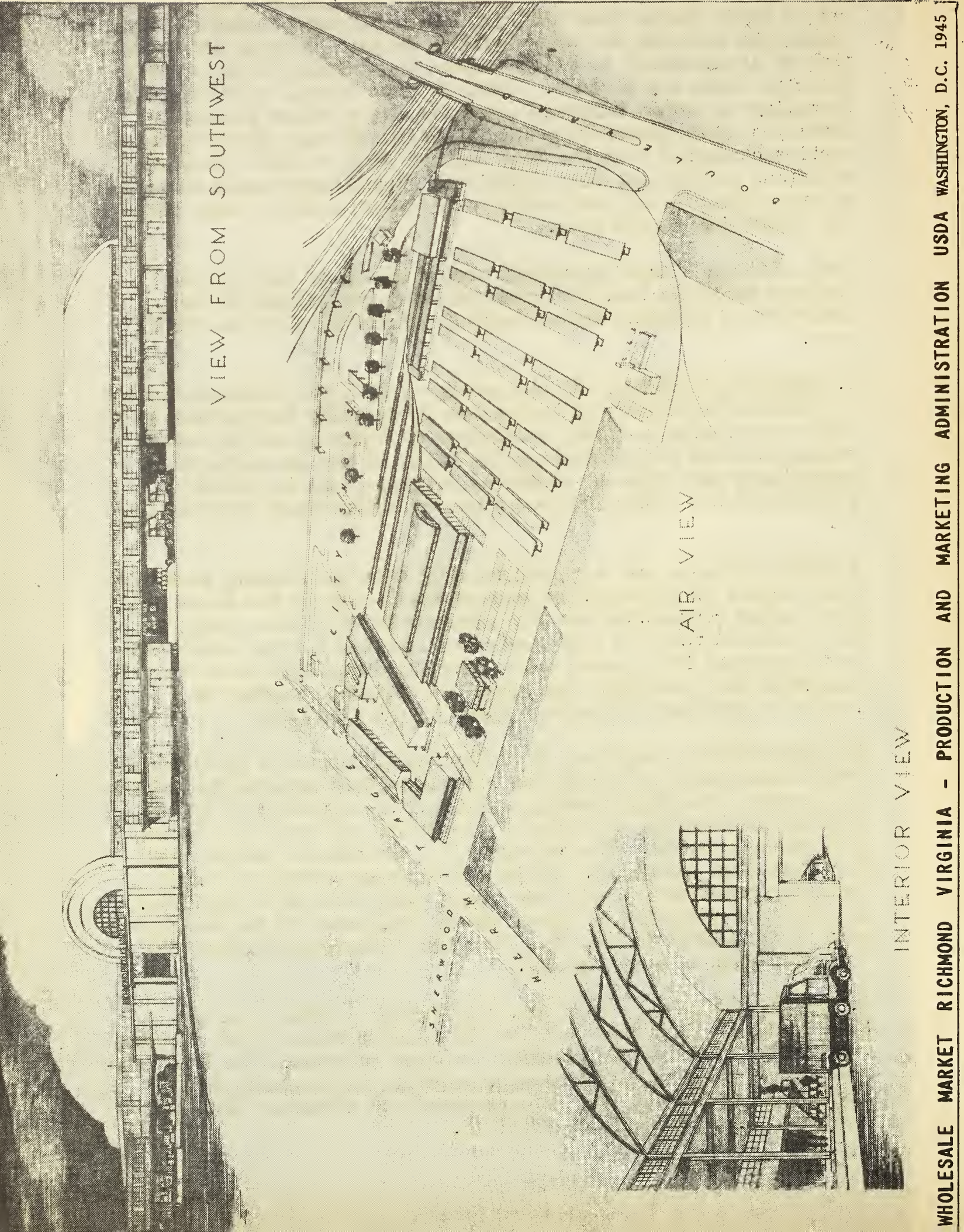
There follows a brief statement of the status of some of the projects which we feel have made material advancement in the direction of planning market improvement during the past fiscal year.

1. Richmond, Virginia - In the spring of 1945 the Richmond Chamber of Commerce requested our assistance in bringing information up to date on marketing facility conditions in Richmond and in making recommendations for correcting the evils of the present market, determining what type of market is needed, where it should be located, and how much money could be reasonably spent in providing it.

A survey was made and a report, together with preliminary plans for a new market in Richmond, was completed and sent to the local people. After considering several possible sites in the study, it was concluded that the most desirable location for the market was on the present Fair Ground where existing structures could be converted into marketing facilities at estimated savings in initial expenditure of between \$300,000 and \$400,000.

The Agricultural Committee of the Richmond Chamber of Commerce voted unanimously to accept the recommendations made in the report. As a result, the City Council petitioned the Governor to set up a Richmond Marketing Authority to construct and operate a wholesale produce market. The Authority was established and its members have been appointed. It is now actively working to bring about the construction of a new market just as soon as possible. We have been requested to give further assistance in the development of the market plans. The following illustration shows the tentative plan of the facility.

2. Roanoke, Virginia - Work with the Chamber of Commerce, the State Director of Markets and the Extension Service of the Virginia Polytechnic Institute in planning a market in Roanoke has been continued. Preliminary plans showing possible developments in the city's present market area were prepared and discussed with a committee made up of local officials.



VIEW FROM SOUTHWEST

AIR VIEW

INTERIOR VIEW

It was our opinion and that of the committee that the plot of ground considered is inadequate to take care of the needs. Therefore, it was determined to adjust the plans to take in an additional area adjacent to the present market site. Possibilities of obtaining this property are being investigated, and it is expected that as soon as this problem has been solved, work on the project will go forward.

3. Columbus, Ohio - At the request of a committee selected by the Franklin County Plan Commission of Ohio, a survey of the Columbus, Ohio, market facilities has been initiated. This work is being done in cooperation with Ohio State Extension Service. It is expected that the survey will be completed and a report published within the next 90 days.

4. Baltimore, Maryland - This Division has continued to consult with the University of Maryland and the commission appointed by the Governor of Maryland in their work to bring about a modern wholesale produce market in Baltimore. The commission now is preparing to draft legislation to set up a Marketing Authority and we have been asked to assist them in preparing this bill.

5. Mobile, Alabama - A request has been received for further investigation of the adequacy of market facilities in Mobile, Alabama. A representative of this Division has met with the local group to discuss plans for the study, and it is expected that a survey will get under way in the near future.

6. Tampa, Florida - At the request of the Tampa Farmers Cooperative a study of the market situation in the Tampa, Florida area is being made. This work is being done in cooperation with the Florida State Department of Agriculture and the Florida Agricultural Experiment Station. Practically all of the field work in this survey has been completed and the report should be ready for publication some time in the early fall.

7. Miami, Florida - At the request of and in cooperation with the Dade County Growers Co-Operative Marketing Association, this Division is assisting in the planning of a new market in Miami, Florida. The proposed market will be located on the present market site. A survey has been made to obtain information regarding the size and type of facilities needed, and the engineering features of the site are being studied. A report containing recommendations for the new market will be presented to the directors of the Association at their meeting in September.

8. Markets for Louisiana - Marketing interests in the State of Louisiana are engaged in planning a system of concentration and terminal market facilities for the State. Representatives of this Division have been working with the local groups in laying the

ground work for the initiation of some marketing studies. Preliminary investigation has been made of terminal market conditions in New Orleans, Baton Rouge, Shreveport, and also of the concentration market needs in Lafayette and other producing areas. There are tentative plans for detailed studies of the Baton Rouge and New Orleans terminal markets. It is expected that studies of the primary assembly markets of the State will be made following the studies of the markets in larger cities.

9. Florence, South Carolina - A request has been received from the Chamber of Commerce in Florence, South Carolina for assistance in making a study of the marketing facilities in that area. We are now in the process of making arrangements with the local interests to conduct such a survey.

10. Columbia, South Carolina - Local groups have expressed interest in improving market facilities in the Columbia, South Carolina area which is an important exchange center for produce moving north and south along the Atlantic Coast States.

We are now in the process of making arrangements with local interests for the initiation of a study in this area.

11. New Haven, Connecticut - A survey of the needs for market facilities for fruits, vegetables, poultry and eggs is well underway in New Haven, Connecticut. This study was undertaken at the request of the Connecticut State Marketing Authority with concurrence of New Haven city officials and farm and trade groups operating in the area. It was felt by the Authority and city officials that such a study was necessary before they would be in a position to make any recommendations regarding appropriations or authorize the expenditure of funds for such a project. The farmers and wholesalers expressed interest in having the survey made for they are presently operating in poorly arranged facilities in a congested area and they have long felt the need for a modern, efficient market.

At present compilation of economic data concerning the market has been completed, and an analysis of possible market sites is being made. The report on this market will be mimeographed within the next month.

12. Hartford, Connecticut - In a meeting of the Connecticut Regional Marketing Authority held April 16, 1946, a resolution was passed requesting our assistance in preparing final plans and cost estimates for a market in Hartford. The Authority also set up a planning committee composed of representatives of farm and trade organizations and of city and State officials to assist in developing plans for the construction of the market.

Over the past few years our people have been called in from time to time to discuss the proposed Hartford market, and during the past year the project developed to the point where a site was selected and purchased by the Authority.

We are now in the process of making a complete survey to determine what facilities are needed at this time and how they can best be arranged on the site chosen for the market. It is expected that a report will be published on this study within the next three months.

13. Jackson, Mississippi - In the summer of 1945 the agricultural leaders in the State of Mississippi met and endorsed a proposal to initiate a program for the construction and development of a market in Jackson, which is centrally located in the State of Mississippi.

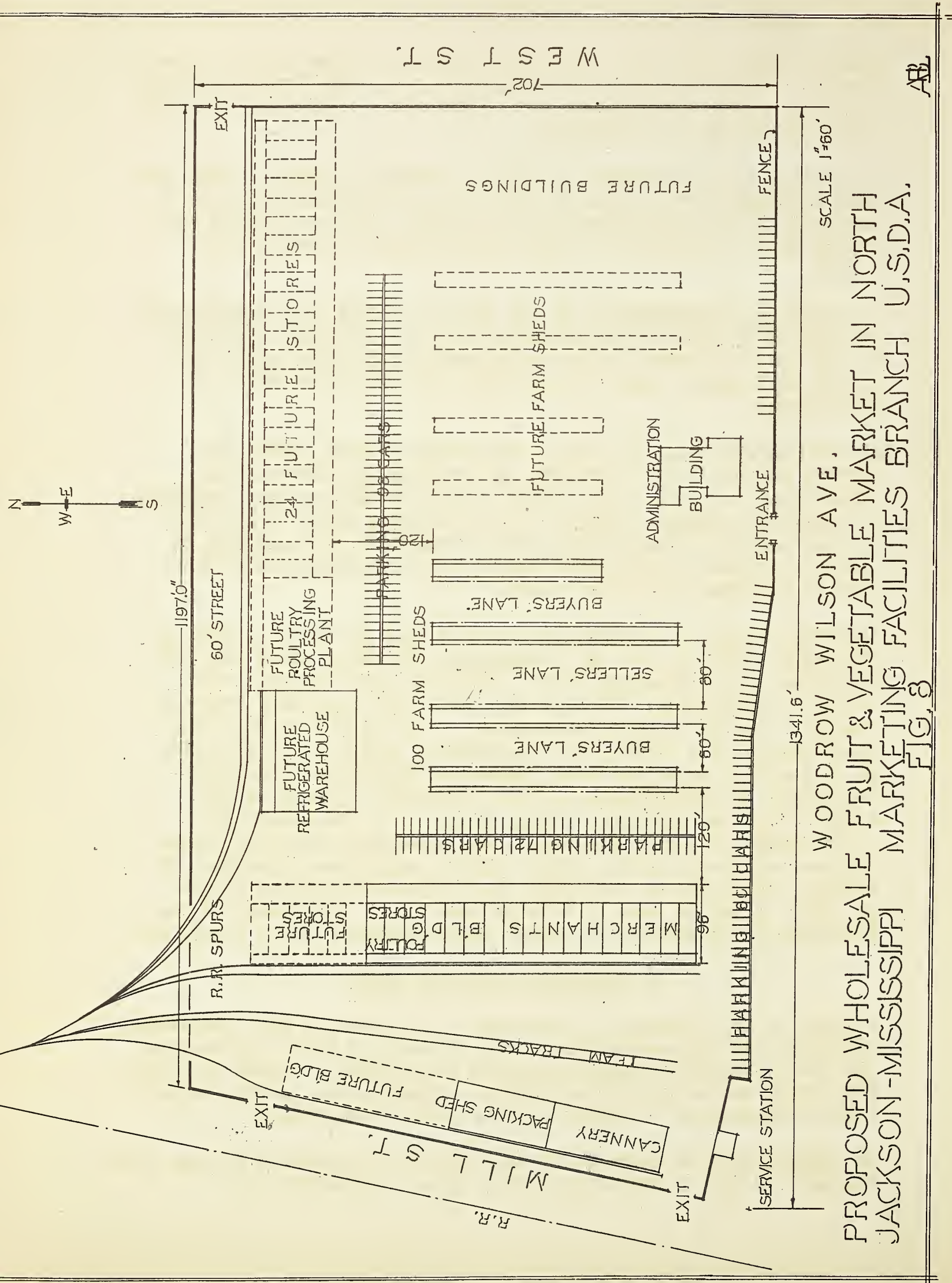
At the present time there is no wholesale produce market in Jackson and the local marketing groups feel that there is an urgent need for one. As a result of the meeting we were requested to assist in making a survey of the marketing needs of the area for the purpose of determining what facilities are necessary to meet the present requirements and also what provision should be made in planning for future needs.

Representatives of this Division worked with the State people in preparing a bill to set up a marketing authority. This bill was passed by the Mississippi State Legislature and signed by the Governor in February. It sets up a Marketing Authority Board to operate a central market in Jackson. To provide funds for the construction of a market, the Legislature appropriated \$550,000. In cooperation with the State Extension Service and the State Department of Agriculture, we have completed a survey in the Jackson area and findings of this study are to be issued in a report within the next few days. The Marketing Authority Board has now selected a site for the market, and it has requested our further assistance in completing the engineering phases of the project. A better idea of this project can be obtained from the following illustrations of market plans currently being considered.

B. Marketing Authority Bill

Members of this Division worked with a committee of State marketing officials and representatives of the Council of State Governments and other interested public agencies in drafting a market authority bill which can be used by all State governments in getting legislation preparatory to improvement of market facilities.

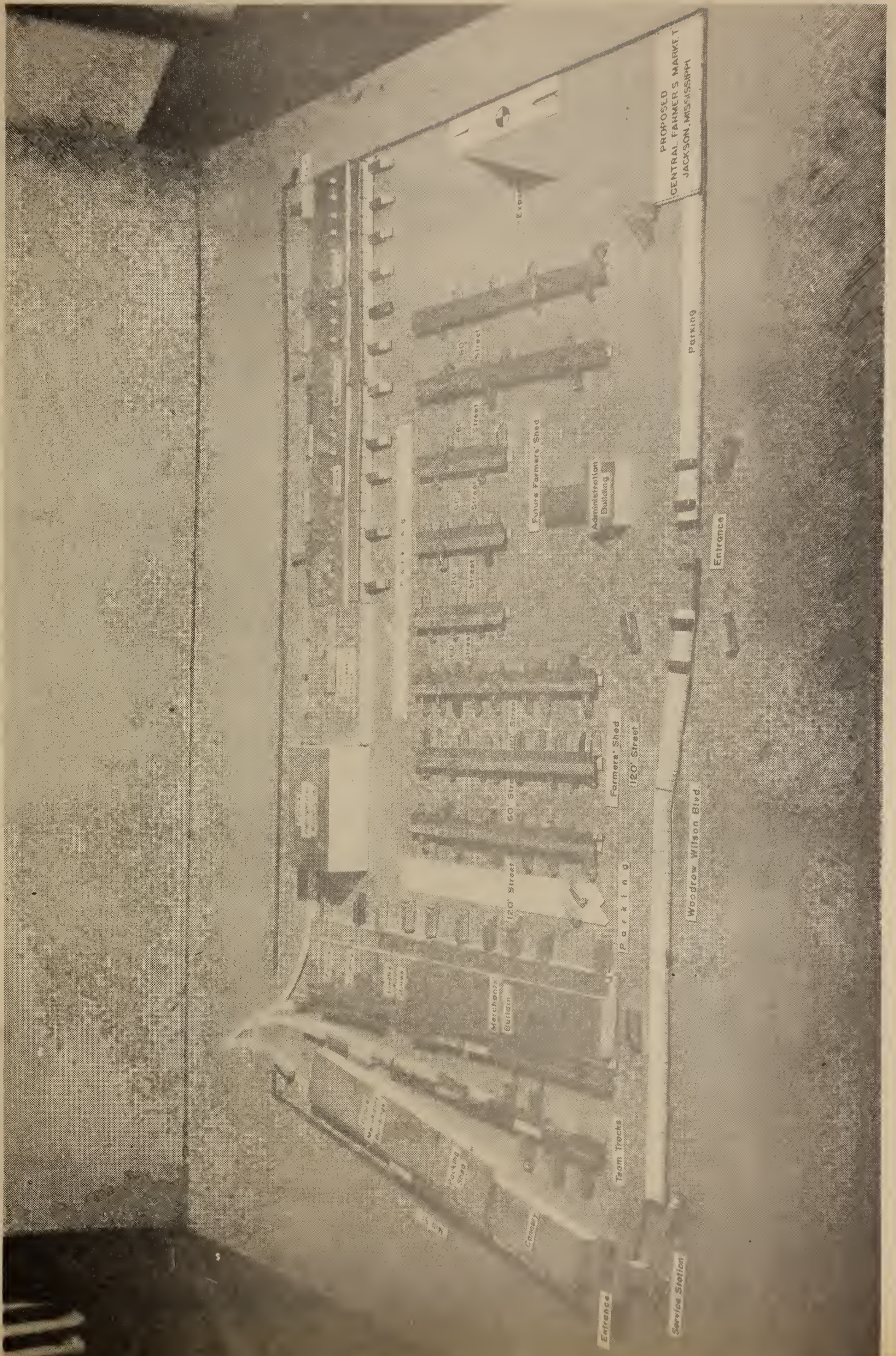
As explained in the purpose of the act, it was prepared for the convenience of States which may wish to give consideration to

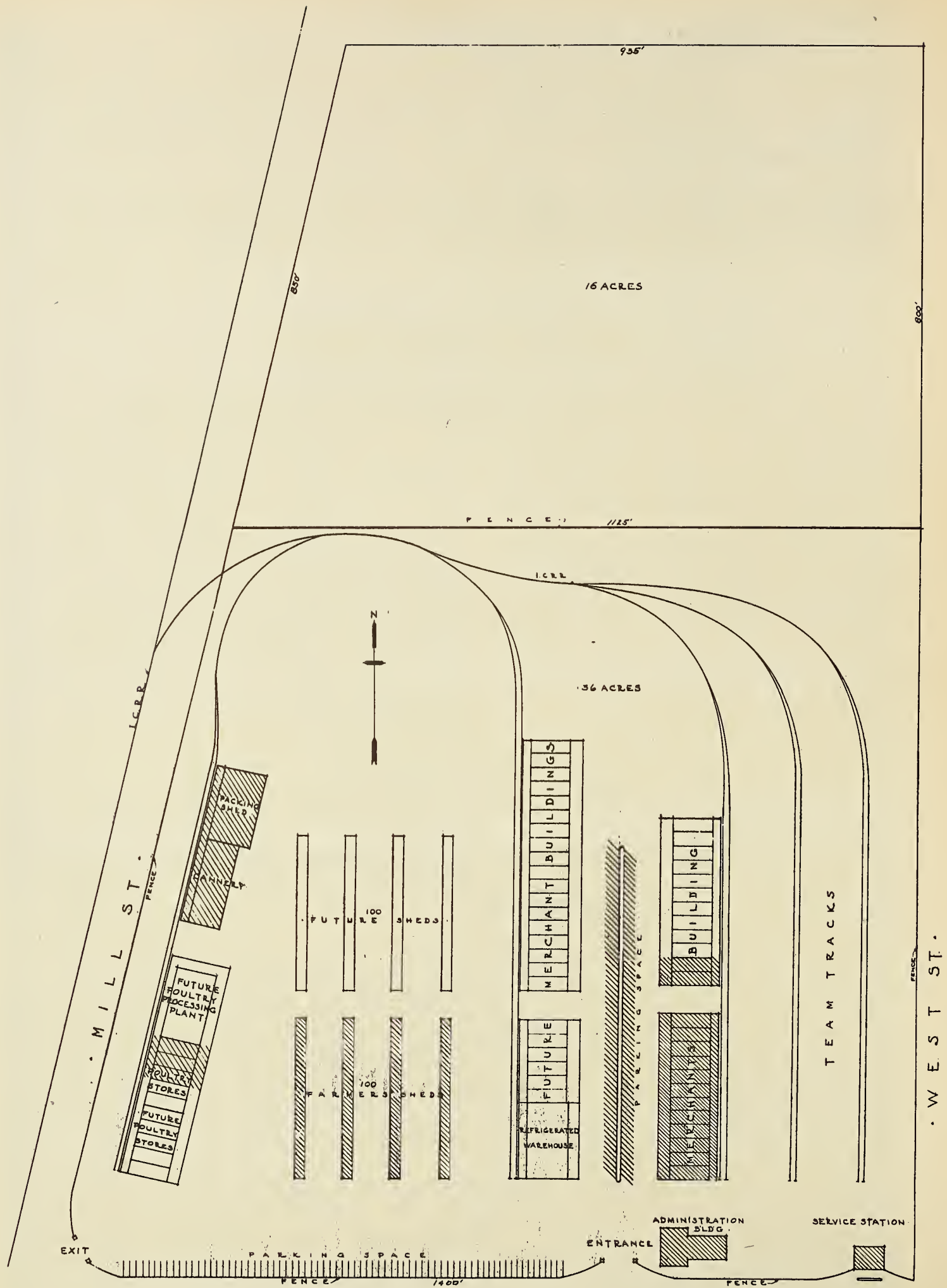


PROPOSED WHOLESALE FRUIT & VEGETABLE MARKET IN NORTH JACKSON-MISSISSIPPI MARKETING FACILITIES BRANCH U.S.D.A.

FIG. 8

AB



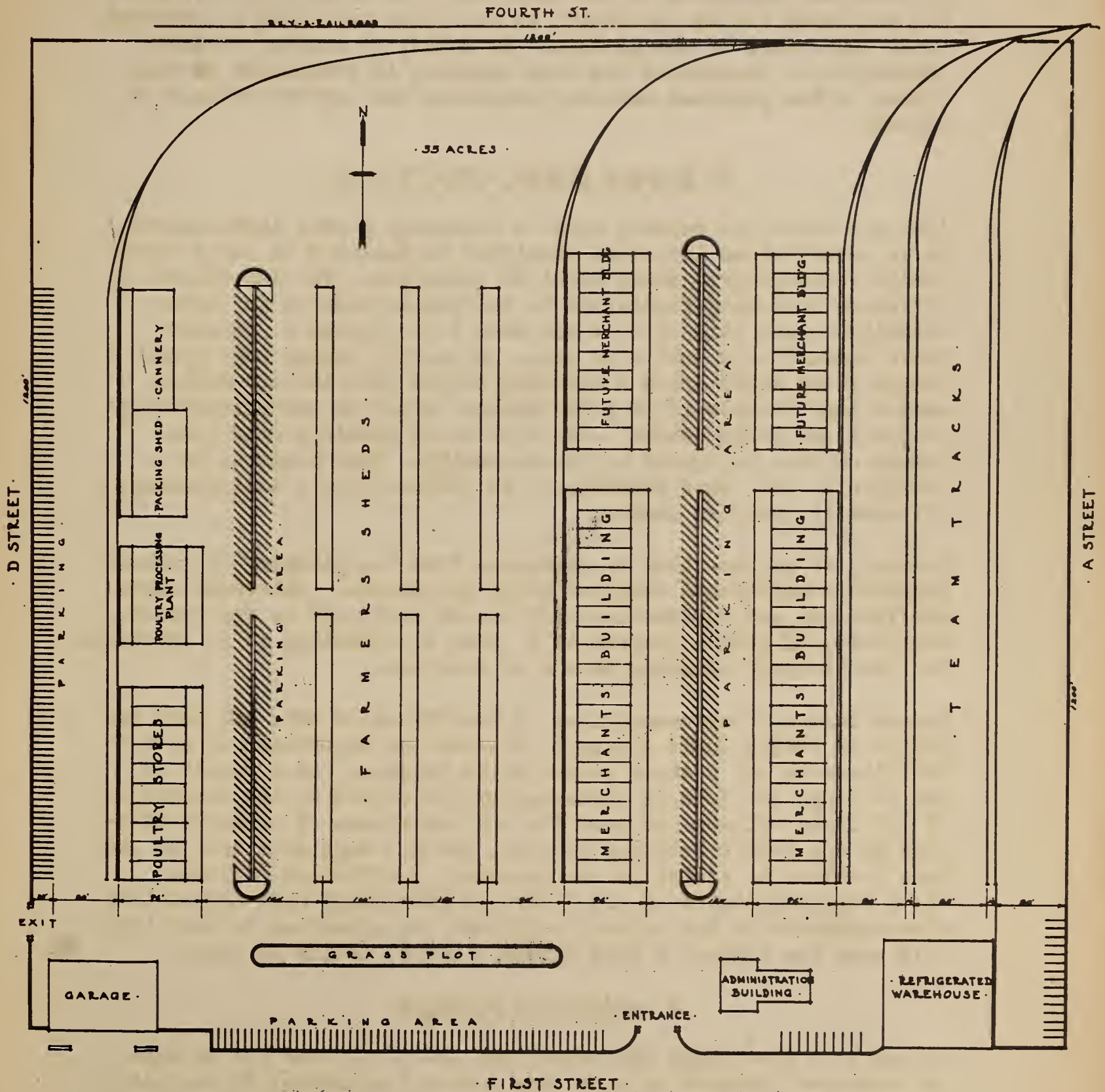


WILSON AVE

KEY: SCALE 1"=50'
 - INITIAL RECOMMENDATION
 - COMPLETE LAYOUT

FIG. 12.

SUGGESTED ARRANGEMENT OF A
 WHOLESALE FRUIT AND VEGETABLE
 MARKET IN NORTH JACKSON, MISSISSIPPI
 MARKETING FACILITIES BRANCH - U.S.D.A.
 WASHINGTON, D.C. 20520



POSSIBLE ARRANGEMENT OF FACILITIES ON HYPOTHETICAL SITE

SCALE 1"=50'

FIG. 8

MARKETING FACILITIES BRANCH-U.S.D.A.
WASHINGTON, D.C. 20501

legislation to provide improvement of marketing facilities for farm products, particularly perishable commodities such as fruits, vegetables, poultry, and eggs. As a means of accomplishing this objective, the act provides for the establishment of public corporations empowered to construct and operate produce markets. The suggested act is permissive in character and would not prevent other approaches to the problem. It would, of course, require adaptation to conditions and laws existing in particular States. Copies of the proposed act are available, and may be obtained on request.

C. Postwar Public Works Program

Although there are several ways of financing market improvements, it is nevertheless important that they be included in any postwar public works program which might be developed. The importance of efficient marketing facilities to the public welfare is easily established and this alone would seem to be enough to justify their inclusion in such a program. Moreover, unlike many types of public works which are a continuing charge upon the community, market improvements if properly planned would be self-liquidating projects and their actual money cost would within a reasonable length of time be repaid to the community. This would be in addition to the other benefits to be derived from a well-planned, efficiently operated market.

However, it is important to emphasize that the planning of markets requires considerable detailed study in advance. Otherwise waste, inefficiency, and duplication will almost certainly be the result. Therefore, if such a program is to work to advantage it is essential that preliminary planning should be done now.

Toward this end representatives of this Division have met with the people in Public Works Agency to discuss the importance of market facilities in any postwar public works program. As a result of the meeting, the Federal Works Agency has called to the attention of all field offices the need for and importance of market facilities in any public building program, and has suggested that we are in a position to assist in the planning of efficient markets. Also, representatives of the Federal Works Agency have agreed that when applications for market facilities are presented to them they will seek the advice of this Division before acting on them.

D. Additional Services

As has been previously indicated, the end of the war has brought an increased interest in improving market facilities; it has also given people engaged in marketing work more opportunity to devote their attention to planning better markets. As a result, requests

for the specialized type of services offered by this Division have increased. To meet this situation it has been necessary to recruit such persons with marketing background as our budget would allow and train them in facilities work. Since the field of facility planning is so diversified and in many instances of a technical nature, we have endeavored in making any additions to our staff to select persons of varied training and background. This has been done in order to have persons equipped with knowledge to meet as many as possible of the special problems that arise in planning a market.

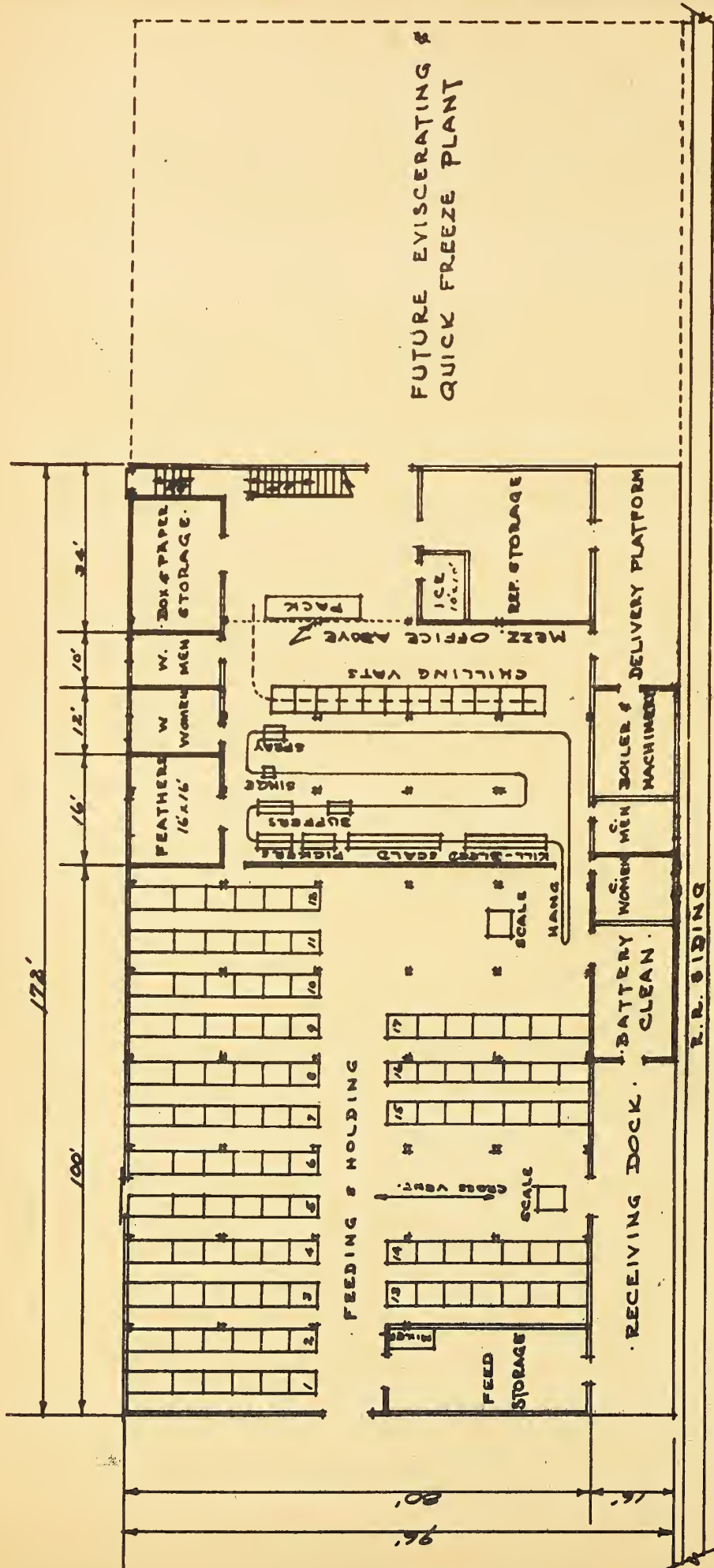
Surveys conducted by this Division have shown the need for special study of poultry and egg marketing facilities. These surveys also revealed that special types of buildings and processing equipment were necessary to handle the various types of poultry products. Therefore, in order to provide a more complete service in this phase of the work, our poultry marketing specialist who has returned from military service is now working on poultry marketing problems.

Since January 1946, the poultry marketing facilities in several markets have been surveyed to determine the need for such facilities in conjunction with the wholesale market development. In each case it was found that existing poultry facilities were not designed for the handling of poultry products and are lacking in many respects. The proposed wholesale market facilities recommended by the Division contain poultry stores designed especially to meet the requirements of local dealers.

Also, this Division in cooperation with the Poultry Branch is continuing the work which was begun last year by a joint poultry committee. A new poultry committee called the Poultry and Egg Marketing Facilities and Techniques Committee has been appointed to carry on this work. The Committee is comprised of representatives of the Extension Service, Farm Credit Administration, Poultry Branch, and the Marketing Facilities Branch. Several possible joint projects have been suggested by members of the Committee and detailed plans are now being worked out. It is expected that active field work will commence in the near future.

The Division is also contemplating a poultry marketing facilities survey which will be rather broad in scope. It is intended that spot surveys will be made to serve as a guide in determining which areas of the country are in greatest need of facilities. Special assistance can then be rendered in those areas where marketing facilities are either lacking or are inefficient and uneconomical. Illustrations of work we are doing in the poultry field follow.

Experience gained through market studies has shown the importance of efficient equipment and improved techniques of handling products

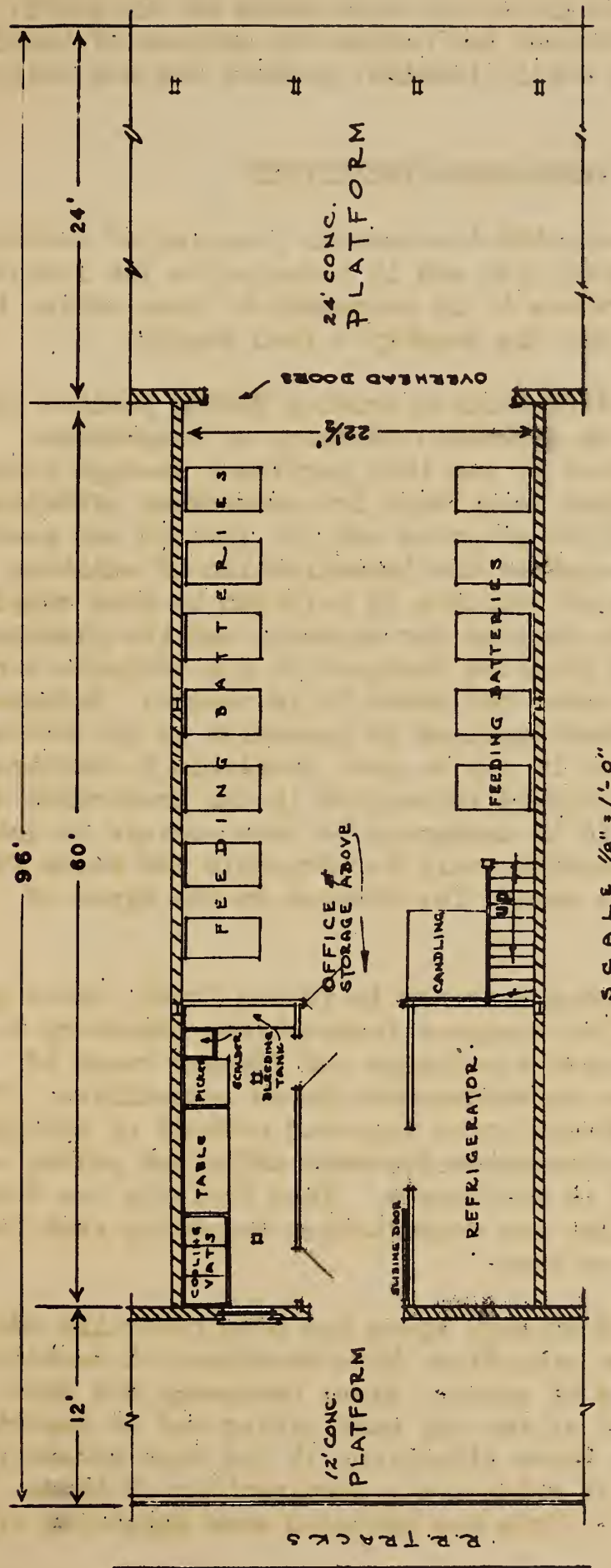


SUGGESTED LAYOUT FOR A
POULTRY PROCESSING PLANT

SCALE 1"=20'

FIG. 7

REL 5-46



SUGGESTED LAYOUT FOR A 22'-6" x 60'-00"
POULTRY STORE

United States Dept. of Agric.
Production & Marketing Adm.,
Marketing Facilities Branch

Feb. 1946

FIG. 1

as a means of lowering distribution costs. To give better service in planning efficient "lay-outs" for the inside of market facility structures a consulting engineer has been added to our staff. Detailed studies of electrical and mechanical methods of handling farm produce in assembly and in terminal markets are now being inaugurated.

II. WAREHOUSING FACILITIES

This Division is concerned with the over-all planning of warehousing for agricultural commodities and is responsible for initiating and conducting programs where it is necessary to take action to insure adequate storage for the country's food supply.

To minimize the storage difficulties arising during periods of abundant production, it is desirable to carry on long-range planning of warehousing and to see that pertinent storage information is available in proper form, both for Government officials who are responsible for food programs and for farmers and members of the industry. This requires the investigation of existing storage facilities for food products in relation to food supplies to determine the probable demands for storage, and the planning and execution of storage programs designed to get adequate warehouse space for products when and where it is needed. Information obtained through such investigations is assembled by the Division and digested in order that it may be made available to warehousemen, food processors, and others interested in the production and distribution of foods. It is necessary to make surveys to determine where expansion of warehousing would be advisable and where future needs are apt to create a demand for changes in the types of storage space.

Because of the unprecedented increase in frozen foods, there is a demand for plans, specifications, and instructions necessary to the construction of refrigerated warehouses and freezer rooms of different types and sizes to accommodate these commodities. There is also a demand for information on improved methods of storing frozen foods, including directions for more efficient piling of commodities of all sorts in warehouses. This Division has been called upon for information and consultation regarding such problems many times during the past year.

During the past year cold storage space has been generally adequate but some very tight space situations have developed at certain seasons for certain types of space. Also, occupancy has been extremely high in several of the key port cities and at important transit cities. To meet these situations it has been necessary to carry on programs, many of which are a continuation of those initiated during the war. This has included some expansion of

facilities in areas where the space shortage was most critical. However, construction of new facilities has been limited because of the continued shortage of materials and equipment, and it has been necessary to use existing facilities as efficiently as possible. Our efforts include the following programs:

1. Collecting and releasing complete up-to-date information on warehouse capacity, space occupancy, and commodity holdings.
2. Obtaining from all warehousemen reports on their available space; conducting information centers in all shortage areas to provide owners who have commodities to store and who are unable to find space with information as to where space can be found.
3. Maintaining contact with the warehousing industry through the Refrigerated Warehousing Industry Advisory Committee and working with this Committee in developing plans and carrying out programs to accommodate the country's supply of perishable foods.
4. Encouraging during off seasons the storage of general commodities in private warehouses, such as apple houses which were built for seasonal storage of some particular commodity.
5. Working with the warehousemen to obtain the most effective use of all space.
6. Encouraging the speeding up of processing in order to cut down on the time unprocessed products must remain under refrigeration.
7. Administering War Food Order 111 which is designed to (a) keep out of cold storage commodities that do not require refrigeration; (b) keep space from remaining idle unnecessarily; (c) prevent commodities from remaining in cold storage longer than necessary; (d) guide the location of storing of commodities in such a way that they will not all pile up in critical storage centers while space in outlying areas remains unused; and (e) gather information necessary for storage planning.
8. Providing information to Government agencies which have storage problems.
9. Conducting a program for making space convertible from cooler to freezer temperatures to add flexibility to the use of storage facilities.

Because it does not take such special materials and equipment, it is much easier and less costly to convert existing buildings into suitable dry storage than it is to construct refrigerated warehouses. This has been a major factor contributing to the adequacy of common storage during the past year, during which time we have not been confronted with any problems in this field.

A. Expansion of Cold Storage Facilities

As a part of the overall planning of warehousing facilities, this Division has been charged with making recommendations for priority assistance for critical materials and equipment for constructing cold storage plants.

It has been previously noted in this report that even though the cold storage space situation has been generally easier during the past twelve months, nevertheless, there have been some areas where the need for space has been critical. This was particularly true of the west coast, as a result of the shifting of shipping to that vicinity because of the emphasis on the war in the Pacific.

Shortages of refrigerator cars have also made necessary additional use of storage facilities in west coast production areas as well as in some of the important railroad and storage centers. Therefore, it has been necessary to issue priorities in such a manner that any expansion of refrigerated facilities would take place in the areas where the space was most urgently needed, and to see that the materials and equipment allocated would go into the construction of facilities which would be utilized to a maximum in storing the most essential foods. As a result of this program, approximately seven million cubic feet of refrigerated storage space has been brought into use since June of 1945.

B. Priorities for Ice Manufacturing Facilities

For the past several years, because of the increased production of perishable foods, particularly fruits and vegetables, the need for ice necessary to preserve this food in storage and to refrigerate cars in which these products are transported has been so great that our ice manufacturing facilities have been unable to meet the minimum production requirements. At times ice supplies have been spread out so thin that they have not been sufficient to prevent spoilage of food in transit. Also, insufficient ice together with car shortages has resulted in the spoilage of food in the areas where it was produced because it could not be moved or protected from the heat. In the past it has been necessary for the railroads and private car lines to use refrigerator cars for the long distance movement of large quantities of ice to places where it was needed. However, there has been a steady and continuous decrease in the number of usable refrigerator cars with the result that we were faced with an extreme shortage of refrigerator cars and could ill-afford to use them for hauling ice. Consequently, to prevent the spoilage of valuable perishable food, it was essential to provide greater capacity for producing more ice at the places where it is used.

To do this, ice manufacturers needed to replace worn-out equipment and machinery in order to maintain present production. This has been an urgent necessity as shortages of materials and manpower

during the war years have prevented normal maintenance of these facilities. In addition, the construction of some new facilities has been essential in certain critical areas, particularly along the lines of transcontinental railroads in the West and Southwest.

In view of the urgency of this situation, this Division, in cooperation with the Special Commodities Branch and Materials and Equipment Branch, strongly recommended that the Civilian Production Administration give priority assistance to certain applicants who wished to construct ice plants in some of the most critical areas. We received the cooperation of the Civilian Production Administration and priorities for the needed facilities were granted.

C. War Food Order lll Regulating the Use
of Refrigerated Facilities

The year July 1, 1945, to June 30, 1946, was marked by a fluctuating refrigerated storage situation. Facilities as a whole were adequate but the storage requirements of our armed forces, which changed with the progress of the war, caused complications in their use. Although War Food Order lll is still considered necessary, it has been possible to suspend some of its provisions during the past year.

Cooler space was not in so much demand and by early summer of 1945 had eased sufficiently so that it was generally available. Shell eggs, which had been expected to move into storage, were shipped abroad to our armed forces and, also, a large egg-drying program reduced the cooler requirements so that more space was available for less perishable commodities that had previously been kept out of storage by restrictions in the order. However, it was necessary to continue the restrictions on the use of cooler space in port cities, key transit points, and some other critical areas in order to facilitate the regular required shipment of food to our armed forces overseas.

Although freezers were well filled in certain areas, particularly coastal cities, there was considerable space available in the central part of the country. Therefore, on June 28, 1945, temporary suspension of the order was put in effect suspending three provisions in the less critical areas. In the part of the country covered by the suspension, restrictions were removed from the movement into storage of certain cooler items; certain packinghouse products, which had been limited to 10 days' storage, were allowed to be held in freezer 10 months without permit; and restrictive ceilings on frozen fruits and vegetables were removed. The suspension made it possible in 25 States, with the exception of three cities, for warehousemen to accept for cooler storage during the hot months the following items: Cereals, beer, canned condensed milk, canned fish, canned fruits and vegetables, canned cheese,

Carter's spread, dried skim milk, dried whole milk, evaporated milk, nuts in the shell, and sterile canned meats.

Also, through the temporary removal of ceilings on frozen fruits and vegetables in these States the storage of these items was encouraged where more space was available, and through the requirement of permits for increased ceilings, it was discouraged in the more-congested areas. Subsequent to the expiration of the suspension, the last of September, the entire order was kept in force until the storage picture became clearer and military needs could be determined more accurately.

After consultation with members of the Refrigerated Warehousing Industry Advisory Committee and the Inter-Agency Cold Storage Committee, and after a general review of the situation, it was determined early in November 1945 that the cooler situation had eased sufficiently to allow the suspension of restrictions on the movement into cooler storage and the retention there of commodities designated as "restricted commodities" under the order. A partial suspension of the order for an indefinite period was issued to this effect on November 13, 1945, and is still effective. The one exception to this suspension is nuts in the shell, which are not allowed to be stored without permit in ten port cities. The purpose of this was not to keep the nuts out of cold storage but to encourage owners to retain their inventories in less congested areas nearer to the points of production and to limit their movement to the shellers as they were needed. This prevented overcrowding of coolers in several large cities and made it possible for shell eggs to move into storage without difficulty in such areas in the early months of 1946.

All other provisions of the order remain in effect. Freezer occupancy throughout most of the country increased during the last half of 1945 and large quantities of commodities, especially frozen fruits, vegetables, and eggs, were held for more than 10 months, requiring permits under the order. The high percentage of freezer occupancy in many of the larger cities, especially those near the seacoasts has made it inadvisable to suspend provisions of the order affecting frozen products. In fact, considering that the percentage of freezer space occupied on May 1 was higher than for the corresponding date of any year except 1944, that the freezers in several of the larger cities are practically full, and that estimates indicate that almost if not entirely as much food will be frozen this year as last, there is a strong possibility that a critical freezer space situation can develop before the end of 1946 that would make further action under the order necessary.

The cooperation of the warehousemen in reporting to the Administrator each month the quantities and kinds of commodities

held in refrigerated storage 10 or more months and the names of the owners has been good.

This is important in the administration of the order since these reports form the basis for our letters to owners requesting removal of items stored in violation. It is estimated that approximately 200 carloads of food, mostly frozen, have been removed from storage monthly because of the provisions limiting storage to 10 months without special permission.

Inability of processors and bakers to obtain sufficient sugar, shortening, oil, and later flour, has retarded the out-movement of frozen fruits and eggs. Therefore, it has been necessary to mail more warning letters than ever before to owners, many of whom, upon application, have been granted limited extensions because of the hardship that removal of commodities would entail.

Although on the whole owners of commodities and the warehouses have responded very well to the restrictions imposed in the administration of the order, it has been necessary in some cases to request the help of the Compliance and Investigation Branch to obtain compliance. Most of these cases were cleared, after investigation, through the cooperative effort of the warehousemen and the customers, and although court action might have expedited compliance the desired results have in practically all cases been achieved without taking this step.

D. Chicago Office for War Food Order 111 Closed

Suspension of certain provisions of War Food Order 111 reduced the volume of work which was handled through the Chicago office to the point where it no longer was economical to maintain that office. Accordingly, on July 28, 1945, the office was closed and warehousemen were notified to direct all applications and inquiries regarding War Food Order 111 to Washington.

E. Frozen Carcass Beef Program

In the early fall of 1945 there was set up a program for supplying some 40 million pounds of frozen carcass beef to certain countries in Europe. It seemed at the time that such a program might cause a serious storage problem because general cold storage warehouses have only limited space equipped with rails and hooks necessary to handle or store carcass beef. The situation was discussed with warehousemen by a representative of the Division at a chapter meeting of the National Warehousemen's Association in New York in October 1945. At a later date the warehousemen's advisory committee was called to Washington and the carcass beef program and possible storage facilities were discussed. As a

result of these meetings leaders in the warehousing industry agreed to do everything possible to handle the meat and pledged that no effort would be spared. This cooperation of the warehousemen, coupled with information supplied on availability of suitable space, made possible the handling of this meat production and shipping program.

F. Refrigerated Space Clearing House

Information on the occupancy of refrigerated facilities has been collected once a month and has been published for general public use in the Cold Storage Report. This information also has been used for the purpose of putting persons who have commodities to store and who are unable to find space in contact with warehouses that have unoccupied space. This service, while called for rather frequently, has not been as important as in the heavy storage year of 1944. Because of this the semi-monthly report on space occupancy which we had been issuing was dropped in July 1945, and since that time the report has been issued only once a month.

The occupancy information is collected for the first of each month. A tabulation is run showing available space in terms of carlots in coolers and in freezers by regions, States, and warehouses. This information is sent to persons who handle the storage of commodities owned by Government agencies and certain information is made available to others who are interested in storage space. As a result of a revision in the coding system we are now able to show which types of commodities houses are prepared to handle, that is, if the space is suitable for shell eggs, apples, etc. This makes the report more readily usable.

Early in June 1945 when it became apparent that a light crop of apples could be expected, a brief study of the space situation was made during June and July and a report on the estimated storage needs and the adequacy of existing facilities to meet these needs was issued in August. It analyzed the situation as a whole and pointed out that no storage problems were to be expected for the 1945-46 apple storage season.

III. COLD STORAGE REPORTS

A. Monthly Cold Storage Report

For 31 years the Department has been collecting, compiling, and disseminating information on the monthly inventory of perishable food commodities held in the cold storage warehouses and meat packing plants of the country. Since 1940 the Cold Storage Report has carried, in addition to the general commodity inventory, information on occupied and unoccupied space in coolers and freezers.

High wartime occupancy of refrigerated facilities has emphasized more than ever the real value of space information in the Cold Storage Report, for it has served as a basis for planning the use of facilities to handle an all-time record of food holdings and it has also been essential in determining the best location for any facilities to be constructed with critical materials.

Since the end of the war many have requested to be placed on the mailing list for the holdings and space report. These requests come from all segments of the food industry, from many national and State offices concerned with the supply and the storage of food, and from officials of foreign governments. The report is used extensively by warehousemen, processors, dealers, bankers, research and statistical institutions, and by various Government agencies, such as the Office of Price Administration, which used it for price and rationing work, and the Civilian Production Administration, for giving priorities for new construction and for new additions to old plants.

During the year an alertness has been maintained for any changes which would improve the quality and add materially to the report's usefulness. The report was started in 1915, with the coverage of only a few commodities. From time to time additional commodities have been added. Nevertheless, the information collected did not give a complete picture of the cold storage situation. Therefore, a revision of the questionnaire was made last year and a 50 per cent increase in commodity coverage has been effected without adding to the work load placed on the warehousemen. This new questionnaire required a new method of verifying accuracy and of checking doubtful figures. This method has now been tested and the questionnaire is proving to get better results and to make possible a more accurate report than was obtained with the older and longer questionnaire. Considerable correspondence is carried on each month between the Cold Storage Report Unit and warehousemen concerning the accuracy of schedules returned by warehousemen. This correspondence indicates that the new method has resulted in excellent relationships between the Division and the cold storage industry. It also tends to keep aroused in many warehousemen an interest in complete and accurate reporting.

During the year we have continued to follow up by mail delays in reporting in order to get more complete coverage and to reduce the expense of requesting last-minute reports by wire. The system of follow-up wires which had been followed for several years has been eliminated completely, thus saving the expense of 200 to 300 two-way telegrams each month.

Care has been exercised to see that the appearance of the Cold Storage Report was improved as much as it is possible for a mimeographed reproduction to be. Data for commodity holdings which were

not released to the public in the past are now published. Also, there have been some new features added to the report during the past year which have been found serviceable. The following items are now included: (1) An analytical table giving a summary of first-of-the-month holdings with changes from those of the previous month, (2) a bar chart representing total commodity weights, (3) a table showing occupancy in key warehousing centers, (4) cold storage holdings of fish, and (5) commodity holdings of all Government agencies. Military secrecy no longer prevents the publication of information on items stored by the Government; hence, in addition to the table showing total Government holdings, we now show these holdings by regions. This was done at the request of the trade and seems helpful to those buying and selling throughout the country.

The information on cold storage holdings and space is now relatively complete but the presentation of the data is undergoing refinement and improvement from month to month within a rather definite pattern. This information provides a source from which analytical studies are made, studies that make possible orderly and efficient handling of the storage of perishable commodities by the industry and by Government agencies. Many individuals have used the report and additional material from this office in the preparation of articles for publication on frozen food production and storage and other subjects.

In an effort to give more efficient service to those interested in cold storage facilities and problems, we have revised the warehouse code whereby we will be able to give figures on cooler and freezer facilities in any city which has warehousing facilities of any significance. The code enables us to show the space in any such city and within a 25-mile radius of its limits. As mentioned before it will also enable us to designate houses which carry certain types of commodities, such as shell eggs. Shell eggs and apples are the two commodities which have almost continuously caused storage problems from year to year.

B. Refrigerated Warehouse Capacity Survey

A new Survey of Refrigerated Warehouse Space was made on October 1, 1945, and it is now about ready to be published. In this survey special effort was made to get a complete coverage of all cold storage plants: Public, private, semi-private, apple houses, and meat packing plants. Fewer than 50 of the more than 1,800 cold storage plants were not covered in the survey. These plants were in every case small. This coverage is much more complete and more accurate than any previous space survey that has been made. In checking the 1945 figures with the 1943 report, in every instance where any appreciable difference in the amount of space reported

appeared, the firm was asked for confirmation and an explanation of any changes made.

It is estimated that the new information when completely checked and ready for publication will show an expansion of some 20 million cubic feet in freezer space and of about 3 million cubic feet in coolers. Space is reported according to the lowest temperature range at which it can be held, but practically all freezer space can be converted to cooler space when needed. This expansion has not been uniform throughout the country. Apparently the East North Central region will show a considerable reduction in both kinds of space. A possible explanation is that large meat packers have turned a considerable amount of space formerly reported as being used for storage to other uses such as working or dry storage space. The survey will also show a noticeable expansion in private cold storages in the Pacific Coast region, especially in California. The most likely explanation for this appears to be the construction of storage facilities for frozen fruit and vegetable processing plants. The preliminary figures indicate that the greatest expansion in public cold storage space since 1943 has occurred in the Pacific region.

C. Special Reports

Early in 1946, attention was turned to the probable needs for egg storage space for the 1946 season. A study of the production prospects and their requirements upon available storage space was made in order to be sure that steps would be taken to provide space for shell eggs. Partly as a result of this study the Division saw early in February that the egg storage problem of 1944 would not and could not be repeated in 1946. At the same time it was pointed out that the movement of shell eggs into storage would be earlier this year than usual and that there would be sufficient space demands to cause congestion in some central storage localities, but this space situation would not be extreme and would be limited to houses having complete egg storage facilities.

In order to determine the probable need for apple warehousing during 1945-46, a study was made which analyzed the apple storage situation. The study developed the fact that few storage problems were to be expected for the apple storage season. However, a relatively tight situation was foreseen in the California fruit houses. Serious congestion was avoided partly as a result of passing along information on anticipated needs to those requiring storage in that area. The reports were distributed to interested warehousemen and to members of the Apple Growers Association who desired such information. A program was set up during the year by which anticipated storage needs in specific apple growing

regions within States can be studied in future apple reports. This will be of special value in studying the New York and Washington situations. Numerous requests for construction of new apple houses were studied during the year and recommendations were made as to the relative needs for such space in areas where new construction was proposed.

This Division has cooperated with the Fish and Wildlife Service of the Department of Interior in compiling a report on monthly holdings and freezings of fish. Although this cooperative arrangement had been functioning for a number of years, it has been made closer during 1945-46. Areas in which there had been a duplication of effort were eliminated and more efficient results were effected. This cooperative effort has worked very satisfactorily.

Several times during the fiscal year the Division has been called upon by various organizations to make special studies and predictions of future cold storage needs. The most important of these studies this year was made in May and was primarily for a large publishing company, which, in cooperation with the Warehousemen's Research Foundation, is preparing studies on and for the frozen food industry. This material is to be published in the near future and due credit will be given to the Division for the aid rendered and material secured from our files which is unavailable elsewhere.

IV. MARGARINE REPORTS

A report covering the total production of oleomargarine in the United States is published each month based on reports received from all producers. The report is of special value because it makes information on oleomargarine production available at least a month sooner than it could be obtained from any other source. It shows the quantity of oleomargarine produced from animal and vegetable oils and the quantity of colored and of uncolored produced from each base. This report is used extensively by producers and dealers in margarine and also by persons operating in related industries, such as butter and other edible fats and oils. It is used by other Government agencies, research institutions, and foundations. About 250 copies of this report are distributed each month.

V. OUTLOOK ON CONTINUING PROJECTS

A. Cold Storage

Freezer holdings in public warehouses on May 1, when occupancy is normally at the lowest point of the year, was 79 percent, the

second highest on record. If movement into storage during summer and fall months should follow a normal trend, available freezer space will be scarce by the fall and winter of 1946-47. In any event, the occupancy in some of the major port cities in key transit centers may be expected to remain tight.

The cooler situation is at present seasonally tight in cities where most of the shell eggs are stored, but on the whole cooler space should be adequate for the remainder of 1946. Tight situations can be expected only if an unusually large apple crop is harvested; but this possibility is offset to a considerable extent by the fact that apples are not normally stored in large quantities in city areas and the season will start out with apple storages empty.

In setting crop goals on livestock for slaughter and on poultry, frozen eggs, and frozen fruits and vegetables, consideration should be given to the fact that refrigerated capacity in freezers probably will be inadequate to care for increased production levels, unless outlets are available whereby seasonal surpluses may be avoided.

The facilities for dry storage should be adequate since they have usually been sufficient to meet demands in the past and can be more easily adjusted to fit unexpected needs.

Facilities for the storage of grain are adequate. Grain stocks are low. Any local difficulties that may develop would probably be related to the transportation situation and be of short duration.

B. Priorities

Materials and equipment for the construction of cold storage warehouses and ice manufacturing plants are still scarce, and since the freeze on building materials in connection with the housing program was announced, there has been a considerable increase in the number of applications for priority assistance in obtaining materials to build refrigerated warehouses and ice plants. It is difficult to predict to what extent these requests for priorities will be made in the future. However, so long as the production of construction materials is not sufficient to meet the demand and critical storage areas remain, it is expected that some assistance will have to be given in cases of extreme emergency.

C. Market Facilities

At present there are in the neighborhood of 30 important markets where plans are being made to go forward with the construction of new facilities just as soon as building materials are available.

In addition to these, there are many other markets which have been considered by public and civic agencies as needing improvement, and it is expected that sufficient interest will be aroused to get marketing programs under way in several of these cities when supplies can be secured for building. It is also anticipated that the improvement of market facilities will play an important part in any postwar public works program that might be developed. It is estimated that well over 100 million dollars could be profitably spent in building efficient market facilities for handling the country's food supply. The interest shown by State governments in planning legislation to enable the establishment of nonprofit corporations to promote and operate markets in the public interest is a decided step forward and will serve as a very important instrument in getting better marketing facilities. Congressional interest in this subject is increasing. It will undoubtedly be true that during the coming year the Division, even with its contemplated increase in staff which is limited by lack of funds, will not be able to comply with all worthy requests it receives for assistance in planning markets.

DIVISION OF WAREHOUSE SUPERVISION

The work of this Division until May 1, 1946, consisted of administering the United States Warehouse Act. By the Secretary's order of March 5, 1946, the inspection of warehouses storing Government-held commodities was transferred to this Division effective May 1 and work undertaken on that day.

I. WAREHOUSE ACT ADMINISTRATION

The work has followed the usual lines: Licensing of warehousemen and of persons qualified to sample, inspect, weight, and grade products that are eligible for storage under the terms of the act; supervising the operations of licensees to see that the Warehouse Act and regulations thereunder are observed; the suspension and revocation of licenses for cause; the requiring of the requisite amount of bond from warehousemen and the approving and accepting of such bonds; the investigation of any irregularities and the recommending of disciplinary action where necessary; cooperating with the Solicitor's Office in the preparation of cases which the Department feels should be referred to the Department of Justice for prosecution.

A. Objective of Warehouse Act

The purpose of the Warehouse Act is the same as it has always been since its passage in 1916; namely, the translating of agricultural products while in storage into a form of collateral which will be generally acceptable to lending agencies as security to loans by providing places of storage where products will be kept free from spoilage or improper removal. Bulky agricultural products, such as millions of bushels of grain, thousands of hogsheads of tobacco, hundreds of millions of pounds of wool, millions of bales of cotton, or other commodities, cannot be tendered as such to bankers as security; nor could bankers very well accept them as such and place them in their vaults. The translating of these products into collateral is accomplished through the medium of warehouse receipts issued under authority of the Warehouse Act. These receipts follow a prescribed form. The Warehouse Act aims to make every receipt descriptive in well-known terms of what it represents and the main purpose of the Warehouse Supervision Division is to see that this purpose is accomplished and that back of each and every receipt is the product it represents. That the purpose is being accomplished is evidenced by the fact that in the more than 30 years since the passage of the act no loss has been sustained on a Federal receipt. The Division leaves nothing undone to maintain this record, which is indeed enviable in view of the fact that more than 2 billion dollars' worth of agricultural products are being handled annually through warehouses operating under the Warehouse Act.

B. Activity During the Year 1946

The following table concisely shows the activity with respect to licensing of warehousemen either by way of issuance of new licenses, reinstatements, suspensions, expirations, cancellations, or amendments to licenses:

Commodity	L i c e n s e s						
	: New	:	:	:	:	:	:
	: Licenses	: Rein-	: Expired:	: Can-	: Sus-	:	:
	: issued	: stated:		: celed	: pended:		: Amended
Cotton	: 28	: 1	: 8	: 23	: 7	:	: 111
Grain	: 93	: -	: 9	: 61	: 2	:	: 93
Wool	: 8	: -	: -	: 5	: 2	:	: 15
Tobacco	: -	: -	: 4	: 2	: -	:	: 4
Nuts	: -	: -	: -	: -	: -	:	: -
Broomcorn	: 1	: -	: -	: -	: -	:	: 1
Beans	: -	: -	: 1	: -	: -	:	: 1
Sirup	: -	: -	: -	: -	: -	:	: 1
Canned foods	: 1	: -	: -	: 1	: -	:	: 4
Seeds	: -	: -	: -	: -	: -	:	: -
Cherries in	:	:	:	:	:	:	:
brine	: -	: -	: -	: -	: -	:	: -
Total	: 131	: 1	: 22	: 91	: 11	:	: 230

In addition to the above activity with respect to warehousemen, 557 licenses were issued to samplers, inspectors, weighers, and graders; 91 licenses, which were issued for rendering various services at warehouses, were amended; 514 were suspended or canceled; and 40 service licenses were reinstated. Practically all of the reinstated licenses had previously been issued to persons who had entered the armed services. During the period of their military service the licenses were suspended. Upon their return to serve the warehousemen, the licenses were renewed.

As for the licensing of warehousemen and their ability to serve the public, the following table covering a 3-year period, shows some progress, notwithstanding that quantities of stored products are substantially less than a year or 2 years ago:

Commodity	Licensed capacity June 30, 1944	Licensed capacity June 16, 1945	Licensed capacity June 28, 1946
Cotton	10,648,785 bales	10,590,086 bales	10,573,753 bales
Grain	260,501,904 bu.	258,128,154 bu.	271,202,154 bu.
Wool	78,706,700 lbs.	120,577,054 lbs.	132,031,000 lbs.
Tobacco	116,150,000 lbs.	100,740,000 lbs.	74,940,000 lbs.
Nuts	19,800 tons	6,600 tons	6,600 tons
Broomcorn	16,750 bales	24,750 bales	28,450 bales
Beans	1,624,650 cwt.	1,551,550 cwt.	1,551,550 cwt.
Sirup	642,640 gal.	592,640 gal.	682,640 gal.
Cold-pack fruit	6,313,950 lbs.	6,313,950 lbs.	6,313,950 lbs.
Canned foods	3,575,900 cases	4,113,900 cases	4,064,900 cases
Seed	492,187 cwt.	207,187 cwt.	201,187 cwt.
Cherries in brine	7,769,000 lbs.	7,235,000 lbs.	7,235,000 lbs.

C. Special Investigation Relating to
Storage of Rye in Chicago Elevators

During the year an extensive and involved investigation of practices in warehousing of rye in the Chicago market, covering a 3-year period, was undertaken and completed. A complaint filed by a Chicago grain merchant alleged violation in a number of major particulars of the U. S. Warehouse Act in connection with the storage of rye by the operators of certain Federally licensed warehousemen, resulting in discrimination, loss, delay, and inconvenience to the complainant, and of illegal mixing of rye and conversion to the warehouseman's own use. The investigation required a detailed examination of the records over the entire period, covering some 21.5 million bushels of rye, and showing for whom each carload or vessel cargo was received and delivered, together with its weight, grade, quality insofar as the records indicated factors of quality, date of receipt, and date of shipment. Each warehouse receipt issued for rye was listed as to number, date of issue, name of depositor, grade, and weight. With respect to warehouse receipts surrendered for delivery, the survey showed by whom surrendered and the grade, quantity, and quality of rye loaded in satisfaction thereof. The investigation showed that all except a small portion of this rye was originally deposited over a 3-year period by the elevator operators rather than by the public generally. None of it was brought into Chicago by the complainant. A substantial portion of it, however, changed ownership through the transfer of warehouse receipts while the rye was in storage, and many of these warehouse receipts were surrendered to the issuing warehouseman by the complainant and others with a request to load the rye. With the exception of certain minor differences

which were satisfactorily settled by monetary adjustment, the investigation further showed that rye of the quantity and grade represented by receipts so surrendered was loaded. The investigation failed to sustain a single charge contained in the complaint.

D. Judicial Decision Far Reaching

This year marks a clean-cut decision by an Appellate Court which disposes of many questions which have been a bone of contention for years between many State warehouse departments and public utilities commissions on the one hand and the U. S. Warehouse Act administration on the other. It disposes of such important questions as exclusive jurisdiction of the Secretary of Agriculture over all Federal licensees, the right of a warehouseman to store his own products with those of the public in his own warehouse, the right of the Secretary to make and prescribe rates to the exclusion of State rating bodies, and it definitely pronounces warehouse receipts to be instruments of interstate commerce. The decision centers around the amendments to the act made in March 1931; it definitely supports the position taken by the Department since enactment of these amendments. It opens the way for a much wider use of the Warehouse Act, and relieves the warehousemen of dual regulation in the event they operate under the Federal act or of the constant threat of prosecution by State departments if they do not secure a State license. This decision is a real milestone to progress.

Briefly, the high points in the decision are:

On July 28, 1944, Daniel F. Rice & Company of Chicago, Ill., filed with the Illinois Commerce Commission a complaint against the Board of Trade of the city of Chicago and the Great Lakes Elevator Corporation and other warehousemen in Chicago licensed under the U. S. Warehouse Act, alleging violations of the Public Utility Act and the Illinois Grain Warehouse Act of the State of Illinois. To this complaint the Board of Trade and the warehousemen filed motions to dismiss the proceeding on the ground that the Illinois Commerce Commission was without jurisdiction. This motion was overruled by the Commission on October 10, 1944. Thereupon, the Board of Trade and the warehousemen filed separate complaints with the U. S. District Court in Chicago for the purpose of enjoining Rice & Company from further prosecution of the proceeding before the Illinois Commerce Commission, and of enjoining the Commission from entertaining further jurisdiction, and the Attorney General of the State of Illinois from instituting any proceeding against either the Chicago Board of Trade or the elevator men for the purpose of enforcing any order that the Commission might issue. In response to these complaints, Rice & Company, the Illinois Commerce Commission, and the Attorney General

of Illinois filed motions to dismiss each of these complaints. The motions to dismiss were allowed by the District Court and the Chicago Board of Trade and the defendant elevator companies appealed from the order of the District Court to the U. S. Circuit Court of Appeals.

The elevators in question were licensed by the Secretary of Agriculture under the U. S. Warehouse Act. The essential question was whether the Federal Government had by legislation so occupied and pre-empted the field of regulation of the Board of Trade and the warehousemen as to deprive the Illinois Commerce Commission of authority to grant the relief and regulate in the manner prayed for by Daniel F. Rice & Company. The Board of Trade contended that the Federal Government had so occupied and pre-empted the field through the Commodity Exchange Act and the warehousemen relied upon the U. S. Warehouse Act. The Commodity Exchange Act contains the following provision: "That receipts issued under the U. S. Warehouse Act shall be accepted in satisfaction of any futures contract, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law." Since this was the clause of the Commodity Exchange Act upon which the Chicago Board of Trade defended its action, and the warehousemen sought their relief on the fact that they were licensed under the U. S. Warehouse Act, which contains a clause which gives the Secretary of Agriculture exclusive jurisdiction and authority over all licensees so long as the license remains in effect, the Court ruled that the real question was whether the Federal Government so occupied and pre-empted the field of regulation as to deprive the Commission of authority to grant the relief and therefore regulate in the manner prayed by Daniel F. Rice & Company. The Board of Trade and the warehousemen contended that the Warehouse Act and the Commodity Exchange Act did so pre-empt the field. The Court considered the various sections of the Federal Warehouse Act and the regulations issued thereunder, and the form of warehouse receipt which was issued by Federally licensed warehousemen. It also considered the factual operation of warehouses and reached the conclusion that the great bulk of the grain handled by these warehouses was passing in interstate commerce and therefore was subject to regulation by Congress.

One point that Rice & Company, the Illinois Commerce Commission, and the State Attorney General made was that the Federal Warehouse Act did not pre-empt the field because the act itself is permissive and not mandatory and all inclusive. To that the Court answered:

"We are unable to see how that affects the situation. It only means that the warehouseman may exercise an option as to

whether he will operate under the State or Federal law. When he exercises such option in favor of the latter, complies with its terms and has been issued a license, he is under the Act as definitely and certainly as though it was a mandatory requirement on his part. No vacuum is created, as defendants argue. Before he is issued a Federal license he is under the control of the State, but after the Federal license has been issued he is under the jurisdiction of the Secretary."

It was argued that the Federal Warehouse Act "in nature, form and intent is essentially a warehouse receipt act" and that the purpose of its enactment was to establish "a warehouse receipt of respected value so that it would be accepted as collateral on loans." To that the Court answered:

"Whether the Act should be thus narrowly construed is open to argument, although a study of its provisions together with the legislative history lends support to the contention. Assuming, however, that this theory is correct, we are of the view that it is of little if any benefit to defendants' position. The importance which Congress attached to warehouse receipts is illustrated by the numerous conditions required as a prerequisite to their issuance. From their very nature it is reasonable to conclude that Congress intended that the Federal Government take over all authority necessary to preserve their legality, negotiability, safety and value. This in itself required a broad field of control. It must be remembered that these receipts were issued against the grain stored in the warehouse and were conclusive evidence of ownership thereof. Exclusive jurisdiction over the receipts having been conferred upon the Secretary, it seems unreasonable to conclude that he should be required to share with the State jurisdiction over the grain against which the receipts were issued and over the warehouses in which such grain was stored. The efficient handling and preservation of such grain in a warehouse suitable and properly adapted to its storage was highly essential if the Secretary was to discharge properly the responsibility placed upon him in connection with the receipts."

The Court further asserted that assuming for the sake of argument that the Secretary was not given express authority over matters before the Commission as charged by Rice & Company "it seems that such authority was clearly implied." The right of the Secretary to regulate rates of warehousemen was questioned. It was contended that there was no conflict between State and Federal authorities because "the authority to initiate or fix rates is solely a matter for the State and the Secretary has only the power to determine when rates are unreasonable or exorbitant." In answer to that the Court said:

"We think the contention is not tenable. It must be remembered that one of the conditions upon which the Secretary is authorized to issue a license is the showing by the applicant therefor that the charge which the latter proposes to make is not unreasonable or exorbitant. This is a matter solely for the determination of the Secretary. Assuming that the State authority has the right to fix such rate, it would of course have the right to determine a rate higher than that determined by the Secretary to be not unreasonable or exorbitant. In such a situation the warehouseman would be subjected to the penalty provided for a failure to comply with the State rate, and at the same time in order to procure or retain a Federal license he would be compelled to violate such rate. Certainly a warehouseman could neither fix nor raise his charge without the approval of two separate and distinct authorities. We suppose that the essential function of a rate making body is to determine rates which will be fair both to the utility and to the public, and it appears plain that the Secretary is vested with the authority to accomplish such purpose."

It was also contended that the warehousemen violated the Illinois Constitution which prohibits warehousemen from dealing in grain owned and stored by them in their own warehouses. The Court did not agree with that argument since the Federal act contains the following clause:

"If the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership" (shall be shown in the receipt.)

The Court further added that "to sustain defendants' contention on this point would immediately invalidate receipts of the value of millions of dollars. It would seriously impair one of the main purposes of the Act, that is, the integrity of warehouse receipts."

The Court considered charges that the rates made by warehousemen were unjust, unreasonable, and discriminatory and that they were operating without a State license and mixing public grain with grain of different grades, and it pointed out the regulations of the Secretary applicable thereto, concluding with the statement:

"It is sufficient to state that we are of the view that the Secretary has express authority over such matters and that any authority exercised by the State would be directly in conflict therewith."

Finally, the elevator men were charged with having violated the Illinois statute in that they failed to secure approval of the Illinois Commerce Commission of contracts with affiliates and with other public utilities, and failed to obtain authority to issue securities. To this the Court answered:

"While we find nothing in the act which expressly relates to such matters, we think, for the reasons already stated, that the Secretary has implied authority to deal therewith."

In summarization, the Court stated:

"In our view, all of the matters charged in the complaint, on which the Commission has assumed jurisdiction and is about to act, concern directly or indirectly the operation of Federally licensed warehouses and the storage of grain therein for which receipts are issued. The allowance of such relief by the Commission on the charges thus made would conflict with the Warehouse Act or 'plainly and palpably infringes its policy.' The exercise of such authority by the Commission would thwart the primary purpose which Congress sought to accomplish. Thus viewing the situation it follows that the order appealed from must be, and is hereby, reversed, with directions to overrule the defendants' motion to strike the complaint and to proceed in accordance with the views herein expressed."

This decision holds that the warehouse receipts were "instruments of interstate commerce" and passes upon the question whether or not the Secretary of Agriculture when he issues a license under the U. S. Warehouse Act has exclusive and sole jurisdiction. The Court unanimously reached the conclusion that the Secretary's jurisdiction was exclusive and complete as far as the licensed warehousemen are concerned, even to the extent that the Secretary has exclusive authority to determine rates which will be fair both to the utility and to the public, and it appears plain that the Secretary is vested with the authority to accomplish such purpose. Since these questions have been raised in a good many States in the past where there are State commissions exercising jurisdiction over warehousemen, this opinion should put an end to such questions, unless it should be reversed by the U. S. Supreme Court.

II. SUPERVISION OF DEPARTMENT-STORED COMMODITIES

By order of the Secretary of March 5, 1946, the inspection of warehouses in which Department-owned or controlled commodities are stored and the approval of such warehouses before their use were transferred from the Shipping and Storage Branch to the Marketing Facilities Branch. Warehouses in use are scattered throughout the country. All warehouses will be inspected every sixty days, all

commodities stored therein will be closely examined for condition, and the stocks counted to verify warehousemen's records. This work will be consolidated as rapidly as possible with the Warehouse Act organization so as to eliminate duplication in office expense, personnel, and travel. One field office has already been consolidated. It is apparent substantial economies can be accomplished.

III. FIELD ORGANIZATION

For purposes of administering the Warehouse Act, field offices are maintained at Raleigh, Atlanta, Memphis, New Orleans, Little Rock, Indianapolis, Omaha, Wichita and Portland. Field offices for the other work were maintained at New York, Buffalo, Chicago, Dallas, San Francisco and Portland. The New York office has been consolidated with the office of the Market Organization and Facilities Division and all work in the Pacific Northwest is now handled through one office. Consideration is now being given to absorbing the Memphis and Dallas offices into regular Warehouse Act offices.

TRANSPORTATION FACILITIES DIVISION

Transportation dislocations have continued since VJ Day, although they have abated somewhat from the strain of war on available facilities. The problems that remain have eased in some traffic categories and heightened in others. Agriculture and allied industries depend heavily upon transportation services to move perishable products. Shortages of boxcars for the movement of grain and grain products have continued to present troublesome problems. The tough grinding to which the transportation industries have been subjected during the war is now apparent in the aged and worn condition of plant and equipment. There is urgent need now for investment to replace equipment and for deferred maintenance, and there can be no relaxation in efforts to assure the most judicious management, operating efficiency, and conservation of transportation resources.

During the year just ended some of the wartime responsibilities of the Division were canceled out; others have increased because of materials and equipment shortages. Long-term services have been carried forward and various important new programs are either in operation or are to be initiated in response to changing conditions.

Some of the facilities that are provided by the carriers for the transportation of agricultural products are not well adapted to the commodities they handle. The development of improved types of equipment will receive increasing attention as the emergency problems connected with transportation shortages decline.

I. CONSERVATION AND THE DEVELOPMENT OF PROGRAMS TO MEET EMERGENCY CONDITIONS

A. Refrigerator Cars

The handling of perishable freight, particularly fresh fruits and vegetables, has been one of the most urgent problems during the past year. Increased production in the face of declining numbers of refrigerator cars to move the traffic have brought about serious shortages during peak periods of movement. We have constantly urged upon the carriers, private car lines, and the transportation regulatory agencies, the Office of Defense Transportation, and the Interstate Commerce Commission the necessity of a substantial building program to replace cars that have gone out of service during the war and to rehabilitate the present fleet. Some results are evident, with 3,880 new refrigerator cars on order June 1, 1946, the largest number on order at one time for many years. However, many component materials are still short, and it will probably require several years to build up the refrigerator car supply to an adequate level.

The most significant and helpful change that took place this year was the improved handling of loaded and empty cars by the railroads. This improvement may be attributed primarily to two causes: The decline in the movement of war material and troops, and Service Order No. 436 of the Interstate Commerce Commission, which applied penalties against railroads that failed to move empty refrigerator cars promptly. The decline in movement of war material and troops was not felt until February, when the return of both from overseas tapered off. In January, with a severe car shortage prevalent, the Department requested the Office of Defense Transportation to establish penalties against the carriers for delay in handling empty refrigerator cars to loading areas. Such an order was issued January 21 and the effect began to be felt early in February. With the improvement in handling that resulted from these two events, the car situation was eased. However, shortages of greater or less intensity in many areas continued through the fiscal year.

The pooling of all refrigerator cars under a manager representing the Office of Defense Transportation and Interstate Commerce Commission was continued through the year and the Division is represented on the Advisory Committee to the manager of the pool who controls the distribution of cars.

B. Grain Transportation and Storage Problems

Preceding the marketing of the record winter wheat crop of 1945, the Association of American Railroads, concerned about estimates of vast amounts of wheat (as much as 75 million bushels) that would be piled on the ground in the Southwest if boxcars in substantially greater numbers than were available were not used, requested us to make a survey to determine the accuracy of those predictions. Our study covered the volume of production estimated, and the amount of farm and country elevator storage available in each crop-reporting district of each State. The data were obtained through the cooperation of the Crop Reporting Board, Bureau of Agricultural Economics, and the Field Service Branch of Production and Marketing Administration. We concluded from the survey that if the carriers could repeat the performance of the previous year, not much more than the usual amount of grain would have to be piled on the ground. Our estimate of the situation in the Southwest was proved to be accurate, because at no time was there as much as 10 million bushels on the ground, and that which was so held was rapidly handled to safe storage. To assist in the distribution of cars to get the grain moved, we obtained current reports from the same sources during the harvest period and issued periodical reports of progress during that time. As the wheat harvest progressed, the same procedure was followed in the Central West and Northwest States. Later in the year, when the large amount of corn of high moisture content to be handled gave concern

to railroad officials, a similar survey for the corn States was conducted through the Field Service Branch and weekly reports submitted to officials of the Association of American Railroads, the Office of Defense Transportation, and Interstate Commerce Commission. Both the reports on wheat and corn were distributed by the Association of American Railroads to operating officials of all railroads concerned as a guide to their car distribution. To keep officials of the Office of Defense Transportation, Interstate Commerce Commission, Association of American Railroads, and Production and Marketing Administration advised of current terminal grain storage capacity and percent of occupancy, weekly reports covering the major terminals of the country are issued. Additional comprehensive studies of grain production, supplies, position, and requirements have been furnished to the Association of American Railroads on a number of occasions.

C. Grain Movement on the Great Lakes

With the end of the war and the resulting decline in ore movement, the number of ships available to move grain increased substantially. During the war, the volume of movement of grain on the lakes was one of our primary concerns. With the easing of the shipping situation, it was considered advisable to cancel War Food Order 114 (of which the Chief of the Division was Administrator) which controlled the lake grain movement and under which permits were issued covering the movement of 389,958,046 bushels between September 18, 1944, and October 22, 1945, the date of cancellation. During the 1945 season of navigation 346 million bushels of grain were moved from or to United States ports on the Great Lakes, as compared with 353 million bushels in 1944. With plenty of shipping available in the 1946 season, there has been no difficulty in obtaining vessels to move the grain, but with short grain supplies both in this country and Canada, the volume will be much less this year. Monthly reports of grain movements on the Great Lakes, by ports of origin and destination, are furnished to the Office of Defense Transportation, Interstate Commerce Commission, the Transportation Officer, and the Grain Branch of the Production and Marketing Administration.

D. Export Program for Grain Relief

This program was primarily the responsibility of the Grain Branch, but we have given them assistance in obtaining transportation to move the grain to interior terminals and from terminals to ports. Boxcar shortages necessitated the issuance of priorities by the Interstate Commerce Commission to assure the necessary movement (see Priorities, p. 64).

E. Ice Shortages

Again in the summer months of both 1945 and 1946, shortages of ice for icing refrigerator cars have interfered with the protection of

fresh fruits and vegetables, particularly early potatoes and peaches from the South. Large quantities of ice had to be transported from northern cities in 1945 to supplement the production of southern plants. We have opposed with partial success the disposition of the Office of Defense Transportation and Interstate Commerce Commission to issue orders restricting the amount of ice that could be used whenever such an emergency arose. We feel such orders, unless issued only in case of great emergency, remove the incentive to the carriers to build the additional ice manufacturing and storage facilities that are needed.

F. Special Studies of Ice Requirements

Car ice shortages have not been confined to the South. During the year we have made a number of special studies of ice requirements based upon our forecast of shipments which have been furnished to carriers and the ice industry to guide them in framing their ice production and storage programs. Ice manufacturers are very anxious to get this information, and we have had many expressions of its value to them.

G. Conversion of Hopper Cars for Grain Movement

During the war it was necessary in times of boxcar shortages to move grain in other equipment. Experience proved that covered hopper cars far exceeded any other kind of equipment, including boxcars, in efficiency in the time required for loading and unloading. Relatively few of the covered hopper cars are available, however, and thousands of open-top hoppers were used to haul grain, although some losses resulted from the blowing of grain from the car, and from moisture. Faster loading and unloading of grain would save millions of dollars to farmers during the peak harvest period. We are working on the idea of promoting demountable steel tops that could be mounted on open-top coal hopper cars during the summer harvest season when coal loadings normally are down, and removed after the harvest when loadings pick up. Shortages of all kinds of equipment this year make it probable the plan would not work effectively now, even if the railroads could be persuaded to adopt the plan and the tops could be built and mounted. Because such a program, as a practical matter, can be developed only as old equipment is retired and new cars built, it must be regarded as a long-term project. Matters of immediate urgency have delayed progress on the program and it is being held in abeyance until time permits active handling and the extensive work that will have to be done.

H. Restoration of Coastwise Movement

During the severe refrigerator car shortage in late 1945, we sought the restoration of coastwise shipping to assist in the

movement of citrus fruit from Florida and Texas to North Atlantic coast cities. Ships of the type practicable for that movement were not then available. By late January, however, progress had been made toward getting some ships in service, but the program was temporarily blocked by the belief of some that not only should the coastwise rates of the water carriers be substantially increased above prewar levels, but that all-rail rates from interior points to the northern markets also should be increased to maintain the competitive relationships between the steamship lines and the railroads. Without those rate adjustments, the coastwise lines would not undertake the operation on their own account, and the War Shipping Administration demurred against operating the ships at what they felt would be a loss pending the rate adjustments. We insisted that, although we had no objection to proper increases in the water rates, conditions did not warrant like increases in the rates of all-rail shippers for the protection of water lines, particularly as it was then getting close to the end of the Texas-Florida season, and by the time boats were in operation only a few cargoes would remain to be moved. We continued to urge the War Shipping Administration to undertake the operation so that the experience of operating revenues and costs would serve as a basis for later rate readjustments that might be necessary. This finally became the basis on which the matter was worked out. Coastwise ships will begin operations in early July, with the rate matters still unsettled.

I. Restoration of Package Freight Service on the Great Lakes

Upon the request of shippers of agricultural products in Minnesota and North Dakota, we opened the subject of restoration of service of package freight lines which operated on the Great Lakes before the war but whose ships were requisitioned when the war began. Subsequently, a company was formed to begin operations with five ships as soon as the necessary details of organization and the refitting of the ships for package freight service permit.

J. Export Potatoes

To conserve the use of refrigerator cars during the car shortage of last winter, arrangements were made for the diversion of approximately 5,000 carloads of potatoes going to the French Government so that the potatoes would move through the port of Beaumont, Tex. These cars had been ordered shipped from the Red River Valley in North Dakota for export through the port of Baltimore. This shift not only substantially shortened the haul but had the further advantage of leaving the refrigerator cars in an area from which they could be reloaded with perishables to northern destinations instead of being returned empty, as was necessary on shipments through Baltimore. The program was carried out very successfully by the Fruit and Vegetable Branch, which had purchased the potatoes for the French Government.

K. UNRRA Export of Livestock

At the request of the Association of American Railroads, information was obtained as to export shipments of livestock by classes for the account of United Nations Relief and Rehabilitation Administration. It was possible to advise the Association of American Railroads of the volume shipped and to be shipped in the ensuing months and the ports used. The principal markets and areas from which shipments were to be made were also shown.

II. PRIORITIES

A. Tire Rationing

When the war ended, the Division represented the Department of Agriculture on an inter-agency committee headed in the War Production Board that determined the essentiality of truck tires for various purposes. The Essentiality List was followed by the Office of Price Administration in the distribution of truck tires under its rationing system. Farm vehicles and trucks moving perishable agricultural commodities were rated high on the Essentiality List and enabled farmers and food processors to obtain necessary tires during the war to maintain high production of food products and movement of those products to market. Shortly after VJ Day, the armed forces drastically cut their requirements for tires for military vehicles. This permitted tire manufacturers to concentrate upon production for civilian truck and passenger use. As soon as the results of this diversion of production were felt and truck tires began to be more freely available, it was considered advisable to remove the controls exercised by the Office of Price Administration under the Inter-Agency Essentiality List. This was done in October. While it is possible that farmers and agricultural truck users had some difficulties in obtaining tires immediately thereafter because of the loss of the high priority carried in the Essentiality List, no such difficulties came to our notice. It is believed that truck tire production is now adequate to serve all uses.

B. Materials and Labor for Construction and Repair of Refrigerator Cars

On many occasions in the past year it has been necessary for us to work with the Civilian Production Administration to obtain priorities for materials that go into the construction and repair of refrigerator cars and in connection with the scheduling of construction on the programs of car manufacturers, the continued deterioration of cars left in service having substantially increased the number held in shops for repairs. Normally, about 4,000 refrigerator cars are on hand in the shops of railroads and private car lines, but during the serious car shortage in the

winter the number of cars reported as held for repair rose to almost 9,000. Not all cars in shops are reported, and it is probable the actual number of cars in bad order substantially exceeded that amount. This condition was primarily due to difficulties in obtaining shop labor and materials for repairs. Arrangements were made with the Civilian Production Administration under which priority was given to lumber and metal products used for car repair and with the Department of Labor in cooperation with the United States Employment Service for special recruitment of laborers to work in car shops. These measures substantially helped the bad situation which had arisen, but the number of cars held for repair is still greater than it should be, which is judged to be the effect of overuse during the last five years.

C. Priorities for Ice Manufacturing Plants

In a previous section of this report, mention was made of serious shortages of ice for the icing of refrigerator cars. To assist in overcoming this situation, a number of the western railroads and car lines planned the construction of new plants with substantial ice-producing capacity. Completion was delayed for lack of machinery. In cooperation with the Ice Division, Special Commodities Branch, and the Materials and Equipment Branch, we appealed to the Civilian Production Administration for special priorities for machinery for these companies. The priorities were granted, making it possible for the plants to be in operation this summer when the need for ice will be great.

D. Relief Wheat and Essential Foods for Export

In February 1946, shortages of both refrigerator and boxcars interfered with the prompt movement of wheat, meat, and other supplies to ports for export under the emergency foreign relief program. To meet this situation, the Interstate Commerce Commission issued Service Order No. 454, effective February 21, 1946, giving preference to cars ordered for loading food products moving to ports under the relief program. That order is to expire on June 30, but an extension has been requested.

E. Priorities for Boxcars for Grain

At the request of the Department, the Interstate Commerce Commission, effective February 17, 1946, directed that preference be given to boxcars used for loading grain to Pacific coast ports to speed export relief shipments, which had been lagging badly in that area. The order expired June 5, after the emergency had passed.

A like situation shortly developed in connection with the movement of grain from the North Central area which was destined for export

through the North Atlantic coast ports, and on March 5, 1945, Service Order No. 458 was issued, giving preference to cars for the shipment of grain from country elevators to terminals. The order expired June 5, 1946. Subsequently, upon our request, a new order was issued, No. 531, which became effective June 15, and expired June 21, 1946. The orders mentioned above materially assisted the Department in meeting the export relief program to which it was committed.

III. FORECASTS

A. Traffic Forecasts

Shortly after the close of the war the Office of Defense Transportation severely curtailed its services, among which was the work of the Forecast Section. A rather unique system of forecasting average weekly freight carloadings by major commodity groupings had been developed with the assistance of the Inter-Agency Forecast Advisory Committee, of which the Chief of this Division was a member..

Since the transportation troubles of the railroads are continuing, and it is believed the forecasts have been developed into a truly useful index for purposes of gauging transportation demand, the need for equipment and the movement of commodities that are used by the transportation agencies, food industries, and the carriers, it was deemed advisable to maintain forecasts for grain, grain products, livestock, and perishable commodities until the present period of transportation difficulties has passed.

The Department has need to keep advised of traffic trends as to these classes of commodities, particularly with cars so short relative to demand for grain and perishable loading, until the transportation emergency has ended. Statistical techniques in conjunction with interpretation of current supply and demand factors and other related information have made possible reasonably dependable forecasts from which to determine boxcar and stock car requirements. The livestock transportation specialist of the Marketing and Transportation Research Division, Bureau of Agricultural Economics, collaborates in the forecasting of livestock carloadings. Recently the estimates have been projected three months in advance instead of only one month as formerly issued.

B. Forecasts of Movement of Perishable Products

In view of the extremely critical shortages of refrigerator cars and the increased production of fresh fruits and vegetables, special attention has been given to advance forecasts of movement of perishable products so that the railroads, shippers, and ice

manufacturers would be forewarned of car requirements in the various parts of the country and the amounts of ice necessary for the protection of food in transit. Each month there is issued a forecast of requirements for cars for the movement of perishable and semi-perishable freight, by commodities, for each of the following three months. It is accompanied by a statement analyzing requirements for cars for the shipment of fresh fruits and vegetables for the following month, by commodity, for each of the major producing areas, broken down by States of origin. That is supplemented quarterly by an advance three-month forecast of the movement by commodity and district. Basic data upon which these forecasts are made are obtained from the various commodity branches, summarized, and analyzed in the Division. Distribution of these forecasts is made to the Office of Defense Transportation, Interstate Commerce Commission, Association of American Railroads, individual railroads and refrigerator car lines, the ice industry, certain interested shippers, and various branches of the Production and Marketing Administration. Information coming to us from numerous sources indicates that these forecasts are depended upon by railroads, private car lines, and the ice industry to guide them in distribution of cars to meet loading requirements, and in the manufacture and storage of ice for refrigeration purposes. These forecasts therefore contribute materially to the proper distribution of refrigerator cars, so important when their number is low in relation to the quantity of perishable freight that requires transportation.

IV. MISCELLANEOUS ACTIVITIES

A. Transportation Census

Increasing attention is being given to demands for additional information as to the distribution, storage and transportation of commodities. New legislation introduced in Congress, namely, Senate Bill S. 1075 by Senator McCarran and companion bills, S. 1700 by Senator Bilbo, and H. R. 4781 by Representative Allen, propose additional census information. S. 1705, by Senator McCarran, provides for censuses of manufactures, mineral industries, business and distribution, and transportation.

The census of transportation includes statistics of the commercial transportation industries, including both contract and common carriers of persons or goods by highway, by waterway, and by air, but does not include statistics of transportation by rail, those being now available from other sources. Schedules used to take censuses of manufactures, mineral industries, and of business and distribution provided for in this act, will include inquiries designed to provide information as to the extent to which each establishment covered by each such census makes use in the conduct of its business of each of the principal means of transportation

namely, railways, highways, waterways, and air transportation, and the extent to which each such establishment furnishes its own transportation facilities.

From time to time this Division has proposed measures for accomplishing the above objectives with procedures and through agencies by which annual recurring data could be reported.

After the legislation mentioned above had been introduced, the Budget Bureau organized an inter-agency committee for the purpose of preparing tentative schedules for the Census of Transportation and a transportation schedule to supplement the Census of Manufactures. Many meetings were held in connection with the formulation of the schedules, which have not been entirely completed. The supplement to the Census of Manufactures was completed and submitted through the Budget Bureau to the Bureau of Census. We are not informed of the extent to which the recommendations made were finally adopted.

B. Truck Transportation Capacity Study

Supplementing a study projected during the previous fiscal year to measure the potential motor truck carrying capacity in the United States for the hauling of agricultural products, an additional analysis was made during the current year reflecting improved conditions brought about by the end of the war and to measure truck performance in 1945 and the estimated potential tonnages to be available in 1946. It was found that the potential capacity declined from a high point of 444 million tons in 1941 to 418 million tons in 1945. The estimated potential tonnage in 1946 was found to be 450 million, reflecting the increased production of truck, parts, and tire manufacturing companies for civilian purposes.

C. Pace Committee Report

At the request of the Bureau of Agricultural Economics, an investigation and report were made upon the potential effect of the decisions of the Interstate Commerce Commission in two recent cases, (Docket No. 28300, Class Rates, and Docket No. 28310, Freight Rate Classifications) upon rates, classifications, and transportation facilities in connection with the development of the South. The report is intended for incorporation with other material based upon research by the Bureau of Agricultural Economics and other Federal agencies for submission to a subcommittee of the House Agriculture Committee on the Study of Postwar Agriculture and Economics of the Cotton Belt (Pace Committee). The preparation of the report required extensive research. It is understood that the material submitted may later be published as part of an analysis of potential industrial development in the South being made by Duke University.

D. Bulwinkle Bill

H. R. 2536, an act to amend the Interstate Commerce Act with respect to agreements between carriers, passed the House of Representatives by an overwhelming majority in the early part of the fiscal year. It was referred in the Senate to the Interstate Commerce Committee, which held extensive hearings. The purpose of the bill was to relieve rate bureaus and associations of carriers engaged in the formulation and initiation of freight rates, classifications, routings, and accessorial services from the prohibitions of the anti-trust laws. At the time the hearings were held, suits filed by the Department of Justice for anti-trust law violations in connection with such activities were pending. Consideration was given to the effect of the proposed legislation on agricultural shippers in a series of meetings held by the Director of the Branch with the staffs of this Division and the Transportation Rates and Services Division at which their views were considered and the Department's policy formulated. Later, the Department was requested by the Chairman of the Senate Committee to present its views on the legislation at the hearing, and the Chief of this Division was designated for the purpose.

The views expressed indicated sympathy with the general purpose of the bill but the position of the Department was that it went much too far in extending exemptions from the anti-trust laws to associations or conferences of carriers dealing with such matters as payment of loss and damage claims, train schedules, and such matters. We recommended that the exemption from the Sherman Anti-Trust Act be extended only to those activities concerned with rates, charges, classifications, routes, and tariffs, and then only when the agreements have been approved by the Interstate Commerce Commission. A number of additional amendments were suggested to safeguard the public from abuses, present and prospective, of railroad and truck rate bureaus and conferences.

The bill was reported by the committee with some of the amendments which we proposed but without confining the scope of the agreements as we had suggested. The chairman of the committee, who disagreed with the majority, submitted his own version, S. 2333, which not only incorporated all of the changes we sought but went considerably further than our recommendation. These bills have not yet been acted upon by the Senate.

E. Transportation Policy

A program of discussion of various phases of transportation affecting the farm community and processors of agricultural products was undertaken by the Director of the Branch in a series of staff meetings held during the year. The purpose of this program was to formulate definite policies which could be applied to the transportation problems which arise from day to day. Considerable research was undertaken as a background for these discussions and

the policy determined upon stated as a guide for the transportation specialists in the Branch. These policies were also discussed with representatives of the four large farm organizations with the ultimate purpose of determining a transportation program for agriculture.

F. Production Goals

In connection with the production goals fixed by the Department for guidance of agricultural producers, we were asked in connection with both the 1946 goals and the 1947 goals to analyze the transportation prospects as they would affect the marketing of crops. Analyses and recommendations were made which were incorporated in the advices released to the State production goals committees.

G. Car Supply Problems

In times of car shortage, considerable work was done in obtaining cars for the movement of essential traffic in practically all sections of the country in which we work through individual railroads, the Association of American Railroads, the Office of Defense Transportation, and the Interstate Commerce Commission. Those requesting our assistance included members of Congress, farm and transportation organizations, State associations, public utilities commissions, and individual shippers, as well as other branches of the Production and Marketing Administration.

H. Investigation of Operating Expenses of Water Carriers

In connection with the controversy with the War Shipping Administration over the levels of coastwise rates on services yet to be established and the corollary increases in competitive rail rates sought by the War Shipping Administration and coastwise steamship lines, an investigation of the operating expenses of water carriers and financial and other data was made to ascertain actual costs of operation in the most recent prewar year of full service, 1939, and to determine, insofar as possible from the fragmentary data on recent operations, the proper level of costs of ship operation at the present time. This matter is still under investigation, as hearings on the individual commodity rate proposals have not yet been held.

I. Ex Parte No. 162 Increased Freight Rates and Charges, 1946

On April 15, 1946, Class I railroads of the United States filed with the Interstate Commerce Commission a petition seeking a 25 percent increase in freight rates, with certain modifications.

As far as agricultural commodities were concerned, the full 25 percent was proposed, with the exception of fresh fruits and vegetables, with a maximum increase of 15 percent per cwt., and cotton in bales with a maximum increase of 10¢ per cwt. It was estimated that this increase, if granted, would have cost the farmers and processors of farm commodities an additional 272 million dollars per year without taking into consideration the increases on many commodities used on the farm, such as fertilizer, prepared animal and poultry feed, machinery, tractor fuel, and farm implements. The Division cooperated with the Transportation Rates and Services Division in preparing economic and statistical data for submission in evidence at the hearing in this proceeding. The Interstate Commerce Commission has denied the full 25 percent increase, but temporarily restored the 3 percent increase on agricultural products and 6 percent on the other commodities previously authorized for a short time in Ex Parte 148, Increased Rates and Charges, 1942. The final determination on the carriers' request for a 25 percent increase will be considered at further hearings.

Preparation of additional evidence for submission in the later hearings is now under way.

J. Freight Facilities Studies

In addition to the projects specifically mentioned, various investigations were made during the year as to the adequacy of facilities for the transportation of freight by rail. These required analyses of the characteristics and quantities of freight equipment related to the statistics of farm production and marketing. The purpose of these studies was to anticipate car shortages and to direct efforts in directions where the greatest danger of food loss seemed to be in prospect.

K. Liaison with Other Agencies in Transportation Lines

Members of the staff of the Division, together with the Transportation Officer of the Production and Marketing Administration, maintained contact with officials of the Office of Defense Transportation, Interstate Commerce Commission, Association of American Railroads, and other agencies in order to keep informed of current developments, and trends in transportation, and to meet the daily problems that arise. The Division cooperates closely with the Transportation Officer, and many of the programs mentioned in this report have been carried out in collaboration with him.

L. Improvements in Management of the Division

The fiscal year was marked by some decline in activities resulting from the cessation of emergencies that had existed in connection

with the movement of agricultural commodities in tank cars, including fats and oils, sirup, molasses, and other minor products, and the discontinuance of truck tire rationing under the Office of Price Administration. This enabled a reduction in force of several employees.

V. OUTLOOK ON CONTINUING PROJECTS

The end of the war has not meant the end of the transportation problems that came with it. Overuse of equipment and inability to provide replacements for worn-out cars and to keep those remaining in proper repair have prevented the carriers from providing an adequate amount of equipment to supply the public with the transportation service it had come to expect in prewar years. This has been particularly true in connection with food production, which increased substantially during the war years and remains at peak levels with the prospect of continuing there for an indefinite time. As a consequence, it is impossible to predict when the emergency services connected with the movement of agricultural and food commodities that are conducted by the Division may be safely terminated. Indications are that the following projects will require major attention during the following year.

A. Traffic Forecasts

The forecasts of traffic movements serve as a foundation for many other programs and activities of the Division and will be maintained.

B. Refrigerator Cars

The continuing shortage of refrigerator cars and prospects of increased severity of shortages will require increased attention to the movement of perishable freight.

C. Grain Movement

Until time and production capacity permit substantial additions to railroad boxcar equipment, shortages of cars for the movement of grain will continue to claim attention. Although there are no grain storage problems at this time, future events may require the resumption of previous programs which are closely allied to grain transportation.

D. Hopper Cars for Grain

A corollary of the foregoing project is the one, mentioned in the body of the report, dealing with the substitution of hopper cars for boxcars in the transportation of grain. We believe that to be a most important project which should be vigorously pressed.

E. Water Transportation

It is not clear at the present time what water transportation difficulties may arise in the coming fiscal year, particularly since coastwise service and package freight service on the Great Lakes is just being resumed. The movement of bulk grain on the lakes presents no transportation problem at present, principally because of the small quantities available to be moved from north-west United States and Canadian ports. Undoubtedly there will be some water transportation problems to be met in the coming year.

F. Ice Manufacturing and Icing Facilities for Refrigerator Cars

We have been pressing for the addition of plants for the manufacture of ice for refrigerator cars and the construction of additional facilities for icing cars at strategic points. Heavier loading of cars and high prices of fresh vegetables and fruits have increased the demands of shippers for car ice. Continued effort will be necessary to bring ice supplies and facilities into balance with requirements.

G. Transportation Statistical Services

In addition to the projects mentioned, a variety of statistical information on traffic movements, requirements, and facilities for the transportation of agricultural commodities has been furnished to other branches of the Production and Marketing Administration and to other Government agencies. These services will be continued to the extent that the pressure of regular work permits, and that a continued need for them exists.

TRANSPORTATION RATES AND SERVICES DIVISION

During the past fiscal year many events have occurred which have affected the activities of this Division. The most important of these events, of course, was the termination of the war. Secondly, and a direct outcome, were demands on the part of labor for increased compensation, and demands by carriers for increased revenues through increased freight rates. Each of these were expected to a certain extent but not to the degree in which they finally confronted the producers and shippers of agricultural products.

The demands of labor for additional compensation gave the transportation agencies the proper ground for approaching the Interstate Commerce Commission, Maritime Commission, and others for increases in transportation rates and charges. With one exception this pressure for increased rates was unanimous. Railroads, motor carriers, and water lines all insisted that they must have higher rates to continue operation. The one exception was the air lines. Their rates were already very high but additional competition with air cargo operation plus the release of much equipment indicate that within the very near future transportation charges via air will be reduced to a considerable degree.

Shortages of steel and lumber have prevented the construction of additional railway equipment needed to transport the increased production of both agricultural and industrial products. Shortages of coal have curtailed to some extent the operation of coal burning railroads. The cessation of work on the part of certain railroad operating unions, although of short duration, did undoubtedly cause the loss of some food products, either in transit or in the field.

In addition to its usual activities, the Transportation Rates and Services Division in January 1946, absorbed the Traffic Department of the former Agricultural Adjustment Agency, and during the year made arrangements to furnish the Federal Crop Insurance Corporation with their transportation and traffic services.

Following its usual line of endeavor the Division took part in 43 formal dockets, 11 investigation and suspension dockets, and 7 financial dockets before the Interstate Commerce Commission, and 7 formal dockets before the Maritime Commission. There were also some 50 rate and regulation items negotiated directly with transportation agencies. While it is impractical to report herein in detail all of the projects or accomplishments of the Division for the past twelve months, a brief description of some of the more important will illustrate the work that has been done.

I. GENERAL RATE INCREASES

In 1942, following a wage award to the railroads of the United States, application was made to the Interstate Commerce Commission for permission to increase freight and passenger rates and charges 10 percent. This proceeding is identified as Ex Parte 148. This Division participated in the public hearings, cooperating with national farm groups and other agricultural interests, and succeeded in keeping the increase granted to 3 percent on basic agricultural products. Later, because of increased carrier revenues, as the result of a petition filed by this Division, these increased rates were suspended until June 30, 1946.

Further wage awards granted railroad employees early in 1946 prompted the carriers again to petition the Interstate Commerce Commission for a general increase of 25 percent on freight rates with some exceptions applicable mostly to industrial traffic to become effective within 30 days from date of petition. The Commission has identified this case as Ex Parte 162 and at the same time reopened Ex Parte 148. Hearings were held in Washington from May 6 to May 14 in which the Division, acting for the Secretary of Agriculture, opposed vigorously any increase without full hearings, and attempted to show that an increase of the size requested by the carriers was not justified. The Under Secretary was one of the principal witnesses.

The decision issued by the Interstate Commerce Commission on Friday June 21, 1946, to become effective July 1, 1946, reinstated, on a temporary basis, the increase formerly applicable under Ex Parte 148, which is 3 percent on basic agricultural products, 6 percent on other traffic and, in addition thereto, granted the carriers in Official Territory 5 percent overall increase. The Commission noted in its report that this arrangement is an interim arrangement and that further hearings on the carriers' request for 25 percent in Ex Parte 162 will be held in various points in the United States commencing July 22, 1946. The difference between the 25 percent increase requested and the smaller increases granted on farm and food products amounts to several hundred million dollars per year.

II. GENERAL WOOL RATE INVESTIGATION

A general investigation by the Interstate Commerce Commission of wool rates in the United States via all rail, commenced February 13, 1946. The first hearing was held at Chicago, Illinois, followed by the taking of evidence at Fort Worth, Texas; Denver, Colorado; Salt Lake City, Utah; Portland, Oregon; and San Francisco, California.

Evidence at these hearings was restricted to that introduced by witnesses advocating a reduction of rates. Six witnesses representing the U. S. Department of Agriculture testified on behalf of more

than four hundred thousand wool and mohair producers in the 48 States. Nearly three thousand pages of transcribed testimony were adduced and one hundred and twenty-five exhibits containing approximately a half million rate and statistical factors are in the record.

The number of transportation specialists, rate experts, economists, producers, and distributors participating in the case on the side upheld by this Branch is shown below:

<u>Hearing Held at</u>	<u>Number of Witnesses</u>	<u>Number of Exhibits</u>
Chicago	42	63
Ft. Worth	8	9
Denver	13	14
Salt Lake City	13	21
Portland	18	9
San Francisco	6	9
	<u>100</u>	<u>125</u>

At the conclusion of the San Francisco hearing the presiding Interstate Commerce Commissioner called a conference, the objective of which was to set a date for the carriers to distribute copies of their exhibits and testimony that will be introduced to support their contention that wool freight rates are now on an equitable basis. Representatives of the railroads and members of the proponents Steering Committee attended. It was agreed that on or before June 15, 1946, carriers would be required to distribute copies of their exhibits and testimony to the Department and other proponents. The time and place for the taking of evidence from the defendants will probably be Chicago, Illinois, during the month of August or September. To correlate cross-examination of the carriers' witnesses a conference of the Steering Committee will be held shortly after June 25 at a centrally located point yet to be selected by the Committee.

This case is the result of a long struggle by this Division and other proponents to bring the case to hearing. The belief that all rates on wool in grease are excessively high in comparison with rates assessed on other commodities was the outgrowth of a survey completed several years ago. The examination of wool rates was undertaken by this Division as a result of resolutions passed by national wool and mohair associations which requested the Secretary of Agriculture to conduct the survey.

It was agreed by representatives of this Division, wool producers, marketing associations, and others that the best procedure to obtain just and equitable rates on wool in grease would be to petition the Interstate Commerce Commission requesting an investigation. The

Commission complied with the requests on June 22, 1942, and promulgated a general investigation under I.C.C. Docket No. 28863 and set places and dates for hearings in October, 1942.

A prehearing conference was held in Chicago, Illinois, September, 1942, attended by representatives of the Department of Agriculture, national wool associations, railroads, and others. The objective was to agree on certain phases of testimony to be placed in the record and to avoid duplication of evidence. Completion of exhibits and testimony was delayed, and personnel depletion in the Department and in the wool associations on account of the war made it necessary to ask that the hearings be held in abeyance. On August 12, 1943, the docket was canceled from the Commission's calendar of activities and it was placed in abeyance as requested.

Representatives of the U. S. Department of Agriculture, public utilities commissions, national wool producers, farm organizations, and other persons interested in the transportation of domestic wool held meetings in 1944 to exchange views on the feasibility of requesting the Commission to reopen the general investigation. A decision was made to file petitions with the Commission to proceed with the general investigation, and this was done on November 6, 1944.

The Interstate Commerce Commission on February 5, 1945, denied the petitions filed by the Department of Agriculture and national wool producers and marketing associations although the Department's petition was supported by 29 State public utilities and agricultural commissions.

Another petition was filed with the Interstate Commerce Commission on behalf of the Department requesting the Commission to reconsider and reverse its order of February 5, 1945. The result of this petition was that the Commission on May 7 vacated all previous orders, reopened Docket No. 28863, and entered upon the investigation of all wool and mohair rates within the United States.

The carriers continued their efforts in every possible way to stop the investigation and asked for deferment of hearings. Their petition was filed on May 29, 1945, at which time we were cooperating with the Commission to set places and dates of hearing, commencing in September.

On July 30, 1945, the Commission ordered the proceeding to commence in January, 1946. Because of hotel reservation difficulties, the hearings were postponed until February 13.

To facilitate handling of the immense amount of detail involved and to avoid duplication of effort, a Steering Committee was set up and representatives from all freight rate territories were appointed. It is anticipated that the Department and other proponents will

introduce additional evidence at the final hearing, subsequent to the carriers' presentation.

III. FERTILIZING AND FERTILIZER MATERIALS

Intensive use of the land during the war, due to high production of food products, has necessitated a more aggressive program of fertilization and soil conservation. The Field Service Branch, which has charge of these programs, purchases large quantities of fertilizer and fertilizer materials for re-sale to the farmers; therefore, the rates on these materials are of considerable direct interest and concern to the Department.

To maintain these rates on a proper and reasonable basis the Division has inaugurated many rate adjustments on its own account and has intervened in various formal complaints filed by fertilizer manufacturers attacking the rates on the ingredients of their fertilizers. Listed below are instances of such activities.

A. I.C.C. Docket No. 29439 - Phosphate Rock, Defluorinated

This litigation was instituted against the Ann Arbor Railroad Company, et al, alleging that the rates assessed on shipments of defluorinated phosphate rock from its plants in Pennsylvania to various points in Official, Western and Southern Classification territories are unjust and unreasonable. It is also alleged that charges assessed on many shipments are unauthorized by present tariff provisions. The complainant shipped more than 21,000 tons of this commodity on contract with the Field Service Branch of the U. S. Department of Agriculture in the Soil Conservation Program. Therefore, we have intervened in behalf of complainant to protect the contract and the interest of the farmers. The Tennessee Valley Authority has also intervened in behalf of complainant.

The Interstate Commerce Commission has been requested to consolidate Docket Nos. 29594, 29323, 29439, and I&S 5400, and it is very likely that the record made in any one of these cases will apply equally to the others.

B. I.C.C. Docket No. 29323 - Phosphate Rock, Defluorinated or Calcined.

This formal complaint has been filed by the Cooperative G.L.F. Exchange, Inc., against the Central Railroad Company of New Jersey, et al, and alleges that the rates on defluorinated phosphate rock are unjust and unreasonable. Moreover, the charges collected are not in accordance with the tariff provisions. While the Cooperative G.L.F. Exchange may have used some of this commodity in the manufacture of mixed stocks and poultry feeds, our records show that the Field Service Branch of the Department has purchased and distributed

more than 21,000 tons of the same commodity to the farmers under the Soil Conservation and Domestic Allotment Act. This commodity is also widely used for fertilizing purposes. Therefore, the Department has intervened in this proceeding in behalf of complainant to assist in obtaining a specific and equitable rating for this commodity and to protect its own interest. The Tennessee Valley Authority has also intervened in behalf of the complainant.

This case will probably be consolidated with the other similar cases.

C. I.C.C. Docket No. 29394 - Phosphate Rock,
Defluorinated or Calcined

The Cooperative Mills, Inc. of Virginia and Ohio, filed this formal complaint against the Baltimore and Ohio Railroad Company, et al, asserting that the rates assessed on shipments of defluorinated phosphate are unjust and unreasonable.

The Department is vitally interested in the rates and ratings applicable on this material as it is used intensively in soil conservation programs and fertilizing purposes, therefore it has intervened in behalf of complainant. The Tennessee Valley Authority has also intervened in behalf of complainant because that agency produces and ships large quantities of the same commodity.

D. I.C.C. Docket I&S 5400 - Phosphate Rock,
Defluorinated

The eastern rail lines issued supplements to four separate "Exceptions to the Official Classification" eliminating defluorinated and/or calcined phosphate rock from items naming fertilizer materials with Column 22.5 rating and included these commodities in items provided for stock and poultry feeds carrying Column 27.5 K rating. The result of these changes would have created increases of 5 percent of first class rates, ranging from 2 cents to 10 cents per 100 pounds. The Department promptly filed a protest with the Interstate Commerce Commission against these proposed increases. We pointed out that the Consolidated Classification Committee had twice, within the last two years, attempted to change and increase the rating of these commodities, but we prevailed upon them to withdraw the subject from their dockets. It was also recited how the Trunk Line, Freight Rate Committee, after a public hearing, adopted a resolution to publish Column 22.5 rating on defluorinated phosphate rock, but never took the necessary action to make such rates effective.

The Commission suspended the offending supplements under Docket I&S 5400. Following this action, the rail carriers decided to withdraw the supplements and thereby liquidate I&S Docket 5400.

E. Superphosphate from Southern Producing Points to Western Trunk Line Territory

To achieve the agricultural goals scheduled for 1946-47, superphosphate and fertilizers will be in demand particularly in the middle and western States. A farmers' cooperative in Wisconsin contracted for 20,000 tons to be shipped from Tampa, Florida, and Sheffield, Alabama, to various points in Wisconsin.

Investigation developed that there were no through commodity rates and lowest charges would be based on combination rates over Mississippi River crossings and border points, whereas such commodities move on I.C.C. Docket 16295 scale of rates increased 10 percent to points in Illinois and Central Freight Association territory. Immediate action was taken to establish the same scale of rates to Western Trunk Line territory and Submittal No. 34623 was introduced for consideration by the Southern Freight Association and the proposal was adopted, then sent to the Western Trunk Line Association for concurrence. Favorable action is indicated.

F. Limestone - in Western Territory

During the latter part of 1945, the Field Service Branch of the Department shipped from Howe's Cave, New York, about 5,000 tons of limestone for soil conservation. At the time shipments were made 6th class rates only were available. The interested rail carriers' attention was directed to this point and after some correspondence, commodity rates on the desired basis were published early in 1946.

Documents are being prepared and the interested rail carriers will be requested to submit a reparation claim to the Interstate Commerce Commission for authority to refund to the Department approximately \$15,000.00, which represents the difference between the charges as collected and the charges which would have been accessible if commodity rates had been in effect.

G. Limestone - General

The Field Service Branch shipped approximately 11,000,000 tons of limestone and liming materials in 1945, and the program for 1946 indicated that the tonnage will amount to about 12,500,000 tons. Reductions in present rates and now commodity rates are constantly being established to cover these movements. During the last six months, at least 27 reductions were accomplished, and a full line of commodity rates were published from three recently opened mines in Eastern and Central Freight Association territories.

H. Phosphate Rock from Florida to Northern Points

Ever since the Field Service Branch instituted shipments of phosphate rock to Illinois and other points in adjacent States, this Division has made supreme efforts to establish and have published

equitable through commodity rates. Numerous shipping points now enjoy through commodity rates on this commodity which will save the Field Service Branch and farmers many thousands of dollars in freight charges.

By use of the general rate adjustments and the Fourth Section of the Interstate Commerce Act, specific rates will be ultimately published to all points where there may be prospects of a movement.

I. I.C.C. Docket No. 29492 - Phosphate Rock from Pebble
Rock District in Florida to Sheffield, Alabama

This complaint was filed on February 25, 1946, by the Tennessee Valley Authority against the Atlantic Coast Line, et al. It was alleged that the rate on phosphate rock from Florida origins in the Pebble Rock District to Sheffield, Alabama, is too high and in violation of the Interstate Commerce Act. The Tennessee Valley Authority manufactures fertilizers, fertilizer materials, super-phosphate, and defluorinated phosphate rock at Sheffield. A reduction in the rate to Sheffield will be transmitted on to the farmers all through the South and adjacent territories. Several farm organizations and cooperative associations, including the Illinois Agricultural Association, have requested the U. S. Department of Agriculture to intervene in the proceeding in behalf of the complainants. This will be done.

J. I.C.C. Docket No. 29451 - Phosphate Rock from Pebble
Rock District in Florida to Destinations in Georgia,
South Carolina, and Alabama.

The International Minerals and Chemical Corporation filed this complaint against the Atlantic Coast Line, et al, on December 20, 1945. It was alleged that the rates on phosphate rock from Florida mines, particularly those located at Prairie, Florida, to Americus, Augusta, Columbus, East Point, and Tifton, Georgia; Hartsville, Lancaster, and Spartanburg, South Carolina; Florence and Montgomery, Alabama, are too high and in violation of Section 1 of the Interstate Commerce Act. The complainant owns and operates fertilizer manufacturing plants at the destination points named and distributes fertilizer materials to the producers of agriculture at these points and in the vicinity thereof. Any reductions in the freight rates obtained on phosphate rock will be reflected in the ultimate price of the fertilizer sold to the farmer. The Department will intervene in behalf of the complainant and request the Interstate Commerce Commission to consolidate the hearing with the aforementioned Docket No. 29492.

K. I.C.C. Docket No. 29452 - Phosphate Rock from Pebble
Rock District in Florida to Nashville, Tennessee

This proceeding was instituted on December 20, 1945, against the Atlantic Coast Line, et al. Violation of Section 1 of the Interstate Commerce Act is alleged in regard to the rate on phosphate rock from all points in the Pebble Rock District of Florida to Nashville, Tennessee, where the complainant maintains and operates a fertilizer plant.

The Department will intervene in this proceeding to assist complainant to secure a reduction in the rate on phosphate rock to Nashville so that the benefits may be passed on to the farmer in lower prices for manufactured fertilizers. It is possible that this proceeding will be consolidated with Docket Nos. 29492, 29451, 29452, and handled at the same hearing.

L. I.C.C. Docket No. 29475 - Phosphate Rock from Agricola,
Florida, to Albany, Atlanta, and LaGrange, Georgia

This complaint was filed against the Atlanta and West Point Railroad, et al, on February 5, 1946, alleging that the present rates on phosphate rock from the Pebble Rock District in Florida, but particularly Agricola to Albany, Atlanta and LaGrange, Georgia, are unjust and unreasonable and in violation of Section 1 of the Act. The complainant owns and operates fertilizer manufacturing plants at Albany, Atlanta, LaGrange, Georgia, and distributes superphosphate and other fertilizers to agriculturists in these vicinities. The Department will intervene in these proceedings.

M. I.C.C. Docket No. 29475-Sub. 1 - Phosphate Rock From
Prairie and Pierce, Florida, to Albany, Atlanta,
and Columbus, Georgia

This proceeding was instituted against the Atlanta, Birmingham and Coast Railroad, et al, on March 6, 1946, alleging that the present rates on phosphate rock from the Pebble Rock District in Florida, and particularly Prairie and Pierce, Florida, to Albany, Atlanta, and Columbus, Georgia, are unjust and unreasonable.

Complainant owns and operates fertilizer manufacturing plants at the points in Georgia named above and distributes the products to agriculturists in Georgia and adjacent States. The Department will intervene in behalf of complainant to assist in securing lower rates on phosphate rock in order that the farmers may have the benefit of the savings in reduced prices on fertilizers.

N. I.C.C. Docket No. 29521 - Bone Meal in
Official Classification Territory

Large manufacturers filed this joint complaint against the principal rail carriers in Central Freight and Eastern territories, alleging that Column 27.5 K rates now authorized and published on bone meal are unjust and unreasonable. They also seek rate parity with shipments of defluorinated phosphate rock, claiming that bone meal and defluorinated phosphate rock are used interchangeably in the manufacturing of animal feed. In addition, the complainants request that this case be consolidated and heard simultaneously with Dockets 29323, 29394, 29439, and I&S 5400. Perhaps the Interstate Commerce Commission will so order, in which event the Department will automatically be considered an intervener.

IV. LIVESTOCK AND MEATS

A. Livestock to, from and within Southern
Territory - FSA 20398

The railroads, by their application, seek permanent relief from the long and short haul clause of the Interstate Commerce Act in connection with carload rates on edible livestock from, to, and within southern territory prescribed in I&S Docket 4779. The relief, if obtained, would perpetuate serious rate discriminations at various Ohio River markets such as Louisville, Kentucky, and Evansville, Indiana, at which producers market their livestock in large volume. These rate discriminations must be absorbed by the producer in the price he receives for livestock sold on the markets discriminated against.

A representative of the Division attended the hearing on the application which was held at Louisville, Kentucky, on October 22 and 23, 1945, and presented detailed exhibits supported by testimony designed to protect the producer's interest in the case. The Division assisted the Solicitor's Office in the preparation of a brief filed with the Interstate Commerce Commission on January 9, 1946. It is estimated that the defeat of this application will involve savings of \$100,000.

At the hearing, the southern carrier applicants declined to support their proposal for relief, but indicated that they contemplate seeking a re-opening of the Southern Livestock Case, I&S 4779, in order to demonstrate that the rates under this entire adjustment are less than compensatory.

Although no decision of the Commission has come down as yet, it is anticipated that the disposition of this case will lead to further efforts by the carriers to impair the Southern livestock adjustment prescribed in I&S Docket 4779. So that we may be in a position to

meet the issues as they arise the Division has planned a series of thirty exhibits relating to various phases of the present rate adjustment.

B. Livestock Bridge Arbitraries at Memphis and Other
Lower Mississippi River Crossings, I.C.C. Docket
No. 29366, et al

Livestock interests in western territories, by formal complaints under the above mentioned docket, sought cancellation of bridge arbitraries of 3 cents per hundred pounds which have for many years been applied as an addition to the line haul rates on edible livestock, in carloads, originating in the Western District and destined to Memphis and other lower river crossings.

The Division intervened in behalf of the Secretary of Agriculture, participated in the hearing at Memphis, Tennessee, on October 26, and presented exhibits and testimony. Before the hearing was closed a compromise was reached by which the carriers agreed to cancel the arbitraries in lieu of the waiver of reparation claimed by certain of the parties. Freight tariffs were amended effective December 1, 1945, to remove the application of the arbitraries. It is estimated that the savings resulting from this action should amount to \$75,000.

C. Fresh Meats, Carload, from Missouri River to
Cincinnati, I.C.C. Docket No. 28552

The Division initiated the filing of a petition in the above mentioned case, involving a question of tariff construction in which the producer of agricultural commodities, along with other shippers, had a vital interest. Unless the decision of the Commission in this case is reversed, shippers of agricultural products and other traffic will be denied the full protection of the long and short haul clause of the act in connection with rates established under intermediate point tariff rules. The result will be that many shipments moving from or to local intermediate stations can be subject to higher rates and charges than those from or to more distant points via the same routes. Moreover, the decision, if it stands, can lead to no end of confusion, uncertainty, and expense in determining the legally applicable tariff rates on agricultural products.

D. Fresh Meat - Westbound, I.C.C. Docket No. 28976

On November 10, 1945, the new westbound rates on meats became effective pursuant to a decision of the Interstate Commerce Commission on June 4, 1945. These rates apply on fresh meats and packing house products to the Pacific coast and inter-mountain territories from mid-western packing house centers in Iowa, Kansas, Minnesota, Missouri, Nebraska and South Dakota. The publication of the new rates brought to an end a controversy of long standing respecting the proper adjustment of rates on this traffic.

The Division was consulted frequently by agencies within and outside the Department with reference to the revised rates which took effect in November. It is expected that further readjustments of rates from and to points not involved in the case will be subsequently sought. Consequently, the Division is keeping in close touch with the matter.

E. Meats and Packing House Products from Southern to Official Territory, I.C.C. Docket No. 29043, et al

In this proceeding southern interests ask for a parity with Official Territory in connection with northbound carload rates on fresh meats and packing house products from the South to the North. In event new rates on the basis proposed are finally prescribed by the Commission, it is likely that further readjustments of the rates and rate relationships on similar traffic from western producing areas to the East will be attempted.

The decision of the Commission in this case was handed down on March 4, 1946, and brought about substantial reduction on the traffic affected from the Southern to Eastern Trunk Line and New England Territories. The Division has prepared an analysis of the report in relation to its effect upon other inter-territorial rate adjustments on the same traffic. Consideration is now being given to what effort should be made to protect the interest of livestock producers in connection with future readjustment of rates on the products of livestock.

F. Livestock to Missouri River Markets

Restoration of rates on livestock to lower Missouri River markets from points in Kansas, where subject to less than the usual carload minimum weights, has been approved by the carriers. The Division supported the proposal to restore these rates which were canceled during the war emergency. Livestock shippers in the territory are thus accorded an alternative basis of rates under which traffic formerly moved to the markets on the river.

G. Livestock Bedding Charges

This Division, and other livestock shipper interests, entered protests to a proposal for increasing charges for bedding livestock cars in the West. These increases, ranging from 13 to 30 cents per single deck car, and 80 to 165 cents per double deck car, were disapproved by the carriers' committee having jurisdiction over the matter.

H. Fresh Meats and Packing House Products for Export Via Gulf Ports

The Division is on record in favor of a pending proposal to establish export rates on fresh meats and packing house products via gulf ports on the basis of equalizing these ports with eastern ports

on traffic from Chicago providing proper relationships are maintained in connection with similar rates from packing house centers in the Midwest and Southwest to gulf ports.

I. Horses and Mules to Memphis and Other Lower
Mississippi River Crossings

In cooperation with other shipper interests the Division initiated a proposal now pending with the southwestern lines to cancel the bridge arbitraries on horses and mules originating in the Western District and destined to Memphis, Tennessee, and other lower Mississippi River crossings.

J. Livestock Caretakers for Export Shipments

The railroads recently approved an extension from 30 to 60 days for return transportation of caretakers in charge of livestock exported via gulf ports to European continents. The Division supported the proposal which had for its purpose the facilitation of the movement of livestock to war-stricken areas of Europe for reconstruction and rehabilitation.

K. Livestock Routing via Butte, Montana

The present rates on livestock in carloads, between North and South Dakota on the one hand and California, Idaho, and Utah on the other, do not carry routing over the short route via Butte, Montana. Neither are certain routes now open via eastern Mt. Junctions on traffic to North Dakota. The Division is cooperating with livestock interests in this area to determine the extent to which these additional routes should be established and expects to take appropriate action for opening of service routes for this traffic.

V. FRUITS AND VEGETABLES

A. Canned Goods - I&S Docket No. 5380

Railroads in Official Territory, at a series of public hearings early in 1945, proposed to publish lower rates on several commodities, including canned goods, for higher carload minimum weights. This was a commendable action as its purpose was the maintenance of heavier carloading ordered by the Office of Defense Transportation under its General Order 18A, a war measure.

The traffic committee of the National Cannery Association held several meetings in connection with this subject, at all of which a member of this Division was present. Out of these meetings the canners agreed on a basis of rates and minima to present to the carriers. This basis was an increase in the minimum weight to 60,000 pounds with a reduction of 15 percent under the present rates, the existing lower minimum and higher rate to alternate with the proposed minimum and rate.

This proposal was submitted to the railroads in February 1946, at a public hearing at Chicago, Illinois. However, the railroads proceeded to publish their own basis which was a 10 percent reduction under the existing rates on a 65,000 pounds minimum. Concluding that this was not sufficient reduction in rates to offset increased costs of loading, bracing, unloading, and financing, the interested shippers requested and received from the Interstate Commerce Commission a suspension of the tariffs pending an investigation into their reasonableness. Similar action has been taken in the Southeast.

The docket has not yet been set for hearing, but it is the belief of the protestants that a compromise agreeable to both shippers and carriers will be arrived at shortly.

B. Potatoes - I.C.C. Docket No. 29161

This Division cooperating with producers, shippers, and receivers organizations, filed a formal complaint with the Interstate Commerce Commission attacking the validity of the practice of the railroads serving Maine of assessing a charge of \$5.00 per car per trip on refrigerator cars loaded with potatoes. Nowhere else in the country is such a charge continued and it placed Maine potato producers in an unfavorable competitive situation.

Hearings were held in Maine in 1944, and in Washington, D. C., early in 1945, at which the Division, through a staff member and counsel, introduced exhibits and testimony into the record. Subsequently, briefs were filed following the procedure in such cases.

The Examiner's proposed report was served on all parties on May 24, 1946. This report was favorable to complainants in many ways as he recommended that the Commission find the charge of \$5.00 per car per trip unreasonable when published separately from the line haul rates. He also recommended that reparation be denied.

Due to the rather ambiguous wording of the Examiner's report, it was necessary to file a brief of exceptions to strengthen our position as well as his. This brief was filed on June 13, 1946. It will be necessary, no doubt, to file an answer to the defendant's brief of exceptions after which oral argument will follow.

C. Watermelons - I&S Docket No. 5401

An annual recurrence is the attempt of the southeastern railroads to cancel from the tariffs that rule which provides that when watermelons arrive at destinations badly deteriorated and more or less unsalable, the carriers shall dispose of them and such proceeds as they may obtain may become the freight charges and so credited.

This Division, together with watermelon producers and State authorities, has consistently opposed such action during the war, believing that heavy loading, rough handling, and uncertain schedules affected the melons more than any mishandling by shippers. When the proposal was docketed again by the Southern Freight Bureau, we opposed it, but the carriers proceeded to publish the cancellation in their tariffs, necessitating formal requests for suspension by the Interstate Commerce Commission.

The requests were granted and the tariffs suspended, but the docket has not been set for hearing.

D. Protective Service - I.C.C. Docket No. 20769

This proceeding is an investigation by the Interstate Commerce Commission into the adequacy of carriers' protective service (heater service) and the reasonableness of the charges therefor. It has been previously reported that the efforts of this Division and the cooperating producers and shippers' organizations were rewarded by an order from the Commission to

- (1) Publish more reasonable rates on Protective Service within heater territory.
- (2) Extend that service into Official Territory - (that is, beyond the Illinois-Indiana State line).
- (3) Arrange to furnish such service on apples and pears from the Pacific Northwest based on the inside temperatures of the cars.

Another request that was made at the instigation of this Division was the inauguration of Carriers' Protective Service within Official Territory, particularly on potatoes from New England. Such service as is now available is called Shippers Protective Service and is extremely inadequate and leaves all liability for damage by frost strictly up to the shipper to absorb.

The carriers have under consideration several proposals to establish the service and charges which were recommended by the Commission, both under Items 1, 2, and 3 above and from New England. The rates proposed by the latter, however, are extremely high and, we believe, unreasonable. A public hearing was held at Presque Isle, Maine, on June 11, 1946, at which time criticism of the rates was made by a member of our staff and other interested parties.

At the request of the Commission this Division conducted two transportation tests last winter on potatoes from Maine, one to Potomac Yards, Virginia, and the other to Pittsburgh, Pennsylvania, to ascertain as nearly as possible the actual costs to the carriers of rendering this service. It was assisted by representatives of

the railroads, the car lines, the Interstate Commerce Commission, and the Bureau of Plant Industry, Soils, and Agricultural Engineering. The results of these tests should convince the Interstate Commerce Commission that charges now proposed for the service are unreasonably high.

E. Refrigerator Car Mileage - I.C.C. Docket No. 29486

Following the end of the war, it became apparent that the railroads were becoming very lax in their handling of empty refrigerator cars. With large increases in the production of fresh fruits and vegetables and a definite loss of adequate refrigerator car equipment due to lack of replacements during the war, frequent and prolonged car shortages in producing areas were causing definite losses of food.

Many restrictive and penalizing orders had been issued against shippers and receivers of perishable commodities but no major ones had been issued against the railroads. Now, however, the Interstate Commerce Commission ordered the carriers to move refrigerator cars within 24 hours after unloading and return them promptly to production areas. It was believed that further penalties should be introduced.

Therefore, the Interstate Commerce Commission instituted a proceeding known as Docket No. 29486 to see whether the method of compensation to owners of refrigerators should not be revised. It was proposed to add to the mileage charge now being assessed a per diem charge of some amount as an incentive to railroads to move the cars without delay and as a penalty if delay occurred. A hearing was held at Washington at which a member of the staff of the Division and counsel were prepared to take part.

Before much could be done, however, the presiding Commissioner submitted a proposed new service order which was innocuous and would have removed all the teeth from the existing order. Further, the car owners present seized the opportunity to plead for an increase in the mileage charges, which are now 2 cents per mile, loaded and empty. The hearing was adjourned without action and has been twice postponed, now being set for continuance on July 15, 1946.

F. Potatoes - Refrigeration of

Their experience during the war years convinced the potato producers of Kern County, California, that their shipments, which occur in May, June, and July, should be protected by some form of refrigeration and that to put all shipments on an equal basis, compulsory standard refrigeration should be used.

At the request of the shippers' and producers' associations, the Division joined them in proposing that the railroads publish a rule requiring that all potatoes shipped from California from April 15, 1946, to July 31, 1946, must be shipped under standard refrigeration.

This rule was published effective April 15, 1946, and may be continued if favorable results are shown.

G. Frozen Fruits and Vegetables - Minimum Carload Weights

When the frozen fruit and vegetable industry was first started its main items of production were varieties that were heavy and of some density. The rates on these items, principally from the Pacific Coast and Southwest territories were made on a carload minimum weight of 46,000 pounds, and shipments were usually in so-called "giant" or super-insulated refrigerator cars.

Later, however, freezing of lighter commodities, such as broccoli, spinach, and brussels sprouts, became prevalent. Coupled with this came the wartime pooling of refrigerator cars and the necessity of using the standard sized car for shipping. This latter car is not of sufficient space capacity to hold 46,000 pounds of some frozen commodities and permit sufficient circulation of cold air to protect the lading.

Application has been made to the railroads of the Pacific coast and southwestern areas to amend the tariffs to provide that when a standard sized car is furnished in lieu of a giant car, the carload minimum weight shall be 38,000 pounds.

The Division has supported this application in both areas and some definite action is expected soon.

H. Rates on Dehydrated Vegetables

Dehydration of vegetables became important as an outgrowth of the war. It grew to immense proportions because of the ease and savings in shipping space. The products ordinarily moved on the basis of rates prescribed for dried vegetables, which in most cases are heavier, contain a higher percentage of moisture, and which entail some risk of shipping.

The national association representing the dehydrators, suspecting considerable decrease in demand for their products, requested the assistance of the Division in obtaining some adjustments in their freight rates below those now applicable. Prior to the receipt of that request some surveys had been made in the Division, which indicated a very erratic and inconsistent national adjustment.

Several conferences were had with industry representatives in an effort to settle on a proposal to the carriers that would be nationally satisfactory. No agreement has been reached to the present time, there being too much local and regional dissension. However, when the industry can arrive at an understanding, the Division is ready to proceed.

I. Diversion of Fresh Fruits and Vegetables

For the conservation of refrigerator car equipment during the war, orders were issued by governmental agencies that shipments of fresh fruits and vegetables might

- (1) Be diverted or reconsigned not more than 3 times.
- (2) Not be diverted on the through rate to final destination if held at point of diversion over 48 hours.

The carriers sought to perpetuate these rules by publishing them in their tariffs permanently. Very little advance notice of this proposed action was given the public.

Word was received by the Division only a day before the public hearing, but proper recommendations were made to the National Diversion and Reconsignment Committee and the proposal was tabled without action.

J. Rates on Fresh Fruits and Vegetables from Texas

For almost three years, the railroads serving Texas have been attempting to raise the rates on fresh fruits and vegetables. Prior to the war some reductions were made in those rates to recapture traffic that had been diverted to motor-carrier competition. Now, in the mistaken belief that much competition will not be bothersome, they are trying to restore the decreases.

Two public hearings have been attended by a member of the Division during the past three months. At both, any suggested increase in rates was vigorously opposed, but while no report of their conclusion has been made by the carriers, the consensus is that the rates will be increased and it will be necessary to ask the Interstate Commerce Commission to make an investigation and final adjudication.

K. Watermelons - Loading Rules in Southeast

Once more the southeastern railroads are attempting to revise their loading rules on watermelons to force the producers and shippers to use some form of manufactured padding between the layers of melons in the cars. During the war we opposed this because of the difficulty in obtaining proper pads as prescribed. The proposal was defeated on two prior occasions.

We realize that the damage in transit to watermelons is excessive and probably a main contributing reason to high freight rates. Nevertheless, believing also that any change of loading practice which causes added expense to producers and cuts the amount of damage claims to be paid by carriers, should be accompanied by a

downward adjustment in freight rates, we have suggested a meeting of all concerned at some early date to discuss the matter and arrive at some compromise.

L. Transit Privileges for Canned Goods

For several years prior to 1942, the Division, together with some shippers and most receivers of canned goods, had been endeavoring to obtain storage and partial-unloading-in-transit of canned goods originating in the Pacific coast area and moving eastbound. These efforts were successfully combated by the Pacific coast packers and shippers.

When storage facilities on the West coast became so congested with war materials, governmental agencies ordered the railroads to publish such transit privileges and to maintain them until six months after the duration of the emergency. After the privilege had been in effect a short time, the former opponents perceived the advantages and became supporters of the proposal.

Application has now been made to have both storage and partial unloading made permanent in the tariffs. A public hearing was held in March, 1946, at which the only opposition came from certain mid-western wholesale grocer interests. The matter was taken under advisement by the carriers' committee.

M. Rates on Potatoes, Dehydrated

As part of the potato surplus disposal of the Department and to replace grain diverted from certain uses, a program was set up to dry or dehydrate low grade, cull, and surplus potatoes on the Pacific coast. The freight rates applicable to this commodity were too high to permit sale to those prospective purchasers who hoped to utilize the product.

Application was made to the carriers for a low enough rate to permit such disposal and a member of the Division appeared at a public hearing in Chicago in support thereof. The application was granted and such lower rates were published under a reduction of about 45 to 50 cents. At the same time it was provided that the rates should apply on dehydrated potatoes not prepared for human consumption.

Tied in with this application, a rule was also published whereby carriers will furnish suitable door boards for use in the shipment of this commodity in bulk. Both arrangements became effective on May 13, 1946.

N. Carload Minimum Weights for Potatoes

Potato tariffs applicable on the Pacific coast and in the Southwest have for years permitted a minimum carload of 30,000 lbs.

during the period April to September and during the balance of the year 36,000 pounds. Carriers proposed to amend the tariffs by providing the 36,000 pound minimum throughout the entire year.

A member of the Division and interested producers appeared before the Pacific coast carriers in opposition to the proposal on the grounds that wartime regulations should not be made permanent without a great deal of thought and consideration and that any increase in carloading should be accompanied by a reduction in the rate.

The final decision of the carriers has not been made known yet, but it is believed that no changes will be made.

VI. DAIRY AND POULTRY PRODUCTS

A. Interpretation 5 Percent Tolerance Rule as it Affected Settlement Damage Claims on Carloads of Eggs

The claim agents of the eastern railroads were attempting to enforce by application what we considered to be an erroneous and illegal interpretation of the 5 percent tolerance rule in the settlement of claims covering shipments of carloads of eggs damaged in transit.

This interpretation of the rule would have absolved the railroads, in effect, from assuming any responsibility for damage sustained to the equivalent of 30 cases out of every 600 cases in certain carloads of eggs shipped in full compliance with the actual classification requirements. This action, which in our opinion is unlawful under the Cummins Amendment, would practically eliminate all claims for damaged carloads of eggs and would have a tendency to put some egg shippers out of business. Other shippers undoubtedly would have been forced to divert their present rail tonnage to other modes of transportation so as to protect their interest. If this practice had not been quickly corrected, it would have resulted in tremendous financial losses being reflected in the earnings of egg shippers, producers, and farmers, who, when using rail service, would have had to assume the responsibility for damage, which responsibility, it appeared, was not legally and lawfully theirs.

On the strength of objections to the interpretation advanced by egg shippers, receivers, and trade organizations, an informal hearing was called at New York City in December 1945, between members of the Eastern Claims Conference representatives of the egg trade, and a member of this Division. Strong representations and statistical statements were presented at the hearing by our representative in opposition to the carriers' interpretation of the 5 percent tolerance rule. This testimony was supported by trade members who were present at the hearing. After consideration of the arguments against the interpretation, the Eastern Claims Conference referred the matter to the Traffic Executives Association, Eastern Territory, for further hearing and final disposition, which hearing was set

for April 26, 1946, in Chicago. While the matter was still in the unsettled stage, eastern carriers withheld payment of claims on egg shipments and the effect was far reaching because claim agents in regions other than in Official Territory also withheld payment of their egg damage claims. Claims in all regions probably amounted to about \$500,000 being withheld pending the decision of the Traffic Executives Association at the Chicago hearing. Claim settlements in the future were also at stake in this proceeding. The interpretation would practically eliminate claim payments for damage and the seriousness of the situation can be fully appreciated in view of the fact that claim payments on carloads of eggs damaged in transit amounted to \$1,300,723 in 1945.

Our staff member participated at the hearing in Chicago and orally presented to the Traffic Executives Association a lengthy statement supporting the views of the Department of Agriculture that the claim agents' interpretation of the 5 percent tolerance rule was unreasonable, illegal, and unlawful. Other protestants in the proceeding endorsed the Department's position in this matter. The Traffic Executives Association, on the strength of facts presented to them, rescinded the claim agents' interpretation of the rule, and damage claims are once again being settled on the basis of their own merits.

B. Transportation Tests of Equipment Designed
to Absorb Impacts on Eggs in Transit.

The Division has been requested by a principal trade organization to offer its opinion as how best egg shippers should proceed to have the railroads equip their cars with cushion underframes (draft gear) so that the benefit of their use may accrue to both carriers and shippers. Before going on record with such an opinion, we are considering the advisability of conducting some experimental tests to determine the effectiveness of the cushion underframes and develop first-hand its superiority, if any, for the absorption of road and other shocks over the conventional type of friction draft gear. Advertising brochures claim many advantages in damage reduction as a result of shock absorption by the use of the cushion underframes, but nothing therein indicates whether or not the measure of damage thus prevented warrants the railroads or car companies in going to the expense of equipping their cars with such underframes. Plans for such a test have been projected and preliminary details have been started. Our Division, therefore, is endeavoring to obtain the cooperation of several western egg shippers for the use of their shipments to make the necessary observations and determinations as may be required in the premises.

C. Rule Prohibiting Re-use of Fibreboard Egg Cases

Attention of this Division was called to the anticipated egg container shortage that could be expected to develop into a Nation-wide disruption of the distribution of eggs, the seriousness of which would affect the well-being and economy of egg producers and the rail carriers transporting their eggs. We were informed that some manufacturers of wooden cases curtailed production of egg cases and still others shut down their mills. The cancellations of shippers' orders involved millions of egg cases and at that time, future deliveries were postponed indefinitely pending price adjustments required to give the manufacturers sufficient incentive to resume manufacturing egg cases profitably and in the quantity needed by the trade.

The supply of new cases during the period of curtailed manufacture was rapidly being exhausted and unless immediate relief was in sight, considerable losses would result because of spoilage of eggs on farms of producers who would have been unable to pack eggs in any kind of container.

In an endeavor to bring some measure of relief, and in the hope of augmenting the supply of containers to offset the shortage resulting from the closing of the wooden egg case mills, this Division requested the Consolidated Freight Classification Committee to reinstate the provision allowing use of good secondhand fibreboard egg cases, which cases had been outlawed by the Classification Committee since December 7, 1945. In response to our request we were informed by the Classification Committee that they could not consistently authorize the re-use of fibreboard egg cases because of their belief that inferior quality material was being utilized in the manufacture of the new case. However, the chairman of the Committee subsequently informed us that they authorized acceptance for transportation of a new fibreboard egg case, effective April 10, on short notice, which case was made of V-board and a supply of which a manufacturer was able to obtain. While the case was not all that could be desired, they believed it should help some to relieve the shortage of cases referred to in the Division's request and the chairman stated that that was the principal reason they authorized its use.

D. Eggs - Estimated Shipping Weight vs. Actual Weight

The Standing Rate Committee of the General Central Eastern Conference proposed to include a provision in their tariffs which provision would have prohibited the use of the estimated weight of 53 pounds in the transportation of eggs by their member lines. It was the carriers' assumption that the eggs being transported by their lines were large and select eggs that actually weigh from 56 to 58 pounds per case and the carriers believed that they lost revenue on approximately 2,000 pounds in connection with truckload shipments.

While this may be true in some instances, it would not be in others because if an overall check on all shipments was made, it would very likely show an overall average of 53 pounds.

In view of the existing container shortage and the uncertainty of egg case production, both fibreboard and wooden, the elimination of the use of the estimated weight would have created a serious hardship for egg shippers in the territory involved. It is also reasonable to assume that if the proposal were adopted in this territory, the practice would spread to other territories thereby imposing its detrimental effects on the trade throughout the country. Moreover, it was also concluded that because of the various kinds of cases of different weights presently being used, the carriers should not at this time change the estimated weight that has been used for over 40 years. Shippers were not prepared to cope with such a situation and should the proposal be adopted there would be a likelihood that some shippers, without scales would have to accept the carriers' weights shown on freight bills and not have definite assurance that such carriers' weights were correct. It could also be assumed that some shippers would sacrifice the efficiency and material in the cases by purchasing cases of lighter construction so as to benefit by lower transportation charges that would be derived from their use. Therefore, this Division went on record with the General Central Eastern Conference protesting the adoption of the proposal and requested that the matter be held in abeyance until materials, containers, and egg industries pass the reconversion period and eggs can be packed once more in cases of uniform sizes of uniform weights. As of this writing the proposal has not been adopted.

E. Transit Privileges on Dairy Products at Hutchison, Kansas

A proposal was filed with the Western Trunk Line Committee requesting the establishment of storage-in-transit privileges on dairy products at Hutchison, Kansas, in connection with shipments originating in St. Joseph and Kansas City, Missouri, when destined to interstate points. The transit privileges then in effect were on carload shipments of butter, eggs, and dressed poultry originating in the States of Texas, Oklahoma, and Kansas, which shipments could be stored in transit at Hutchison, Kansas. As the rule read, it was applicable from Kansas City, Kansas, but not from Kansas City, Missouri. Discrimination against Kansas City, Missouri, resulted. This Division felt that the discrimination should be removed and also that St. Joseph, Missouri, being competitive with Kansas City, Missouri, should be placed on a parity with other points so as to give all shippers in that area an equal opportunity to utilize the same distribution channels. Therefore, this Division went on record with the carriers handling the matter and requested that consideration be given to our views on the subject. In response thereto, we were informed that the Western Trunk Line Committee approved the adoption of the proposal, and that it also was cleared through the southwestern lines. Consequently, the privilege was established and made effective April 1, 1946.

F. Dairy Products - Delivery at New York City, N. Y.

The Trunk Line Association carriers proposed to assess a charge of 2-1/2 cents per 100 pounds for sorting and making split delivery of carloads of dairy freight at New York City when requested to perform such service by consignees.

Unlike other cities where carriers offer adequate facilities to consignees desirous of performing their own unloading, New York is not so equipped and most dairy freight is brought into New York harbor by float and unloaded at piers by carriers. Heretofore, it was done at no additional charge because the public does not have free access to those piers. Convinced that dairy freight was discriminated against, this Division went on record with the Trunk Line Association objecting to the proposed action. Attempts were also made by this Division to stimulate the trade into supporting the protest but our records reveal that only three companies responded to our action. Consequently, the carriers adopted the proposal and made the charges effective on June 1. We are preparing to join the trade in protesting the new rule before the Commission should the trade indicate their desire by formal protest to have the rule withdrawn from application.

G. Cheese - Wisconsin to Illinois

A proposal was filed with the Western Trunk Line Committee by cheese shippers desirous of having a rate of 29 cents on 40,000 pound minimum weight carloads to alternate with present rate of 42 cents for a 24,000 pound minimum weight on carloads of cheese originating at Medford, Wisconsin, and destined to Chicago, Illinois, and points taking the same rates. In comparison with rates on carloads of cheese from competitive points in Wisconsin, the Medford rate was too high and in an endeavor to put all cheese shippers in the one area on a more equitable basis, this Division supported the proposal because its adoption would effectuate a substantial savings in freight charges to Medford cheese shippers who could frequently ship such heavier loaded cars.

Definite conclusions by the Committee have not yet been announced but we are hopeful that the proposal will be approved for adoption as was a similar one last year affecting shipments originating from Thorpe, Wisconsin.

H. Shell Eggs - Changes in Consolidated Freight Classification Rules

Because the new egg shipping rules and regulations which became effective December 7, 1945, affected every egg shipper throughout the country, this Division attempted to see that everyone concerned

was properly informed, and to avoid having anyone penalized because of inadvertent non-compliance with the new rules and regulations we reproduced copies thereof for wide distribution. Approximately 700 copies were sent out to all parts of the country and requests for extra copies are still being received.

I. Dressed Poultry - Storage-in-Transit in Southwest
on California Shipments

A proposal was filed with the Southwestern Freight Bureau requesting establishment of storage-in-transit privilege on dressed poultry in carloads originating at California stations to be stored at points in Texas and Louisiana on the line of the Texas and Pacific Railroad and reshipped to interstate destinations. In an endeavor to enlarge the present distribution channels available to the California shippers and promote the general welfare of the trade in the marketing of their poultry, this Division registered its views with the Southwestern Freight Bureau endorsing the adoption of the proposal. We have been informed of affirmative conclusions reached by the Bureau but its action is subject to concurrence of other interested jurisdictions. It is reasonable to assume affirmative action will be taken because some competing carriers have similar privileges established on their lines.

J. Return of Empty Used Egg Cases

A proposal was filed with the Trans-Continental Freight Bureau requesting reduction in rate from \$1.65 to \$1.16 per 100 pounds on returned empty egg cases from the Pacific Coast to Chicago destinations and points west thereof.

In view of the fact that the egg packaging industry had not returned to its prewar level of production, we asked the carriers to adopt the proposal, hoping it would stimulate the collection, reconditioning, and returning of egg cases so that distribution of eggs would not be disrupted because of an inadequate supply of containers. The conclusion originally reached by the carriers was to decline the proposal and proponents refiled for reconsideration a modified proposal narrowing the territory to points in Kansas, Oklahoma, and west with a reasonable increase in proposed rate applicable to Groups F, G, H, and I, and a 2,000-pound reduction in minimum weight per car. This Division again went on record with the carriers endorsing the modified proposal which was redocketed for consideration and the carriers again concluded to deny its adoption because they felt that by encouraging the use of secondhand containers they would be subjecting themselves to greater claim hazards. However, they also concluded to modify the description applicable in connection with the present rate by removing the restriction on returning cases as it applied only in connection with return movements of original rail shipments. Now, irrespective of original point of shipment, secondhand cases may be shipped from California to interstate points.

VII. GRAIN AND GRAIN PRODUCTS

A. Grain - I.C.C. Docket No. 29194.

Before this case was set for hearing an effort was made by the carriers to grant voluntary satisfaction of the complaint, and the subject was placed before the carriers' rate committee. That committee authorized the establishment of reduced rates from eastern Colorado points, but withheld any corresponding reductions from intermediate points in Kansas and the tariffs were accordingly published and a Fourth Section application filed with the Interstate Commerce Commission to protect the adjustment.

Protests were filed with the Commission and requests made that the Fourth Section application be denied, or, in the alternative, set down for hearing in connection with the formal complaint. The Commission suspended the published tariffs under I&S Docket 5339 until November 2, 1945.

Following suspension of the reduced rates as published in the tariffs, the interested lines docketed with the Western Trunk Line Committee revised reduced rates reflecting reduction of 1/2 to 2-1/2 cents per 100 pounds from intermediate Kansas origins, so that they would not exceed the reduced rates proposed from Colorado origins which were reduced as much as 6 cents.

In connection with the published rates, the railroads filed a Fourth Section application with the Commission seeking authority to omit application of the reduced rates to intermediate destination points. The question of whether or not such Fourth Section relief was granted was of no particular interest to the Division; consequently, the Department was not represented at the hearing held on the Fourth Section application. However, when the proposed report was issued the examiners in charge recommended that the relief sought be denied and also that the Commission should find that the rates established by the carriers are in violation of findings and order in the Docket 17000 grain case. The examiners further propose that immediate steps should be taken by the railroads to eliminate the rates referred to which would mean increases in rates ranging from 1 to 6 cents per 100 pounds.

The Department, in an effort to prevent such increases being saddled upon producers in the origin territory, filed petition of intervention and brief of exceptions to the proposed report with the Interstate Commerce Commission on June 4, 1946. It was suggested that if the reasonableness of the rates is a question to be examined, it should not be decided without a further hearing on another record aside from the one made in connection with the Fourth Section application. It is understood that complainants, intervener, and defendant railroads also filed exceptions to the examiners' recommendations.

B. Grain - I.C.C. Docket No. 29335

For quite some time there has been a great deal of dissatisfaction with the rates on grain and grain products from producing territory in Oregon, Idaho, and Utah when destined to Puget Sound, Columbia River ports, and to points in California.

On June 6, 1945, the Commission, upon its own motion, entered upon an investigation of these rates by order entered in I.C.C. Docket No. 29335.

This case was assigned for hearing at Pocatello, Idaho, commencing November 12, 1945. The hearing continued through November 17. The hearing was participated in by the Idaho Utilities Commission, various farm organizations, as well as individual shippers, including millers and elevator operators; also various traffic representatives from California, Oregon, Washington, and Utah.

The producer's interest was presented to the Commission by U. S. Department of Agriculture representatives, including economic testimony given by the Department's representative at Portland, Oregon. Because of labor difficulties, the receipt of the transcript of testimony was delayed to such an extent that it was necessary to postpone the due date of the briefs to March 15, 1946. The Department filed its brief at that time, including recommendations as to the measure of the reduced rates which it was felt was justified by the testimony and evidence of record. The proceeding is still pending awaiting the issuance of the examiner's proposed report.

C. Grain - I&S Docket No. 4718

This case, which involves the rates on grain originating at points on the Illinois River moved by barge to Chicago, thence by rail to destinations in Central Freight and Eastern Trunk Line Territories, has been before the Interstate Commerce Commission and the courts for several years. It grew out of an attempt on the part of the rail carriers to prohibit the movement of this water-borne grain on proportional rates already established on grain moving by rail.

The final decision by the Interstate Commerce Commission was more or less a compromise between the existing proportional rates and the proposed increased rates. The carriers were directed to cancel the suspended rates and establish new schedules on or before April 5, 1945. At the request of the railroads, the effective date of the order was postponed until June 5, 1945.

The various shipping interests involved have elected to accept the Commission's decision, but the barge lines concluded to further pursue the matter in the courts.

In addition to suit filed by Inland Waterways Corporation referred to, civil action was also instituted by A. L. Mechling Barge Line, and by the Secretary of Agriculture and the War Food Administrator in the Northern District of Illinois - Eastern Division. The actions consisted of petitions for injunctions against the enforcement of the order issued by the Commission.

Temporary injunction was granted, and the Commission was then asked to postpone the effective date of its order until the question was acted upon by the court.

However, the Commission informed petitioners that it had no power to suspend tariffs tendered and filed in response to an order issued by it. The tariffs sought to be enjoined were scheduled to become effective October 5, 1945, but on October 4, the specially constituted three-judge court granted the injunction and fixed the hearing for October 15, 1945. The Commission therefore suspended the offending tariffs until May 5, 1946, specifying in its order that the action was taken "solely in obedience to the injunction issued on this date by the specially constituted District Court."

Any further action in this case will necessarily be initiated by the Interstate Commerce Commission in the form of an appeal to the higher court. Such appeal has been filed and is expected to be heard this fall.

VIII. MARITIME AND WATERWAY ACTIVITIES

A. I.C.C. Docket 29459, Inland Navigation Company vs. Amador Central Railroad Company et al

This formal complaint was filed by the Inland Navigation Company presently operating barges on the Columbia River in Oregon and Washington in an endeavor to compel the railroad lines of the Pacific Northwest to establish through routes and joint rates from a greatly increased Pacific Northwest territory.

The Department has formally intervened in this case with the idea in mind of affording the producers of agricultural products in the affected area the advantages to be gained by the use of water transportation on the Columbia River. Considerable interest in this proceeding has been shown by various interests throughout the northwest, particularly grain cooperatives.

It is estimated that savings of 3 to 4 cents per bushel on the movement of bulk grain can be realized by the farmers by the use of water transportation. Comparable savings can also be made in the movement of other farm produce, but it is as yet too early to make any definite commitments as to the over-all figures.

Date for hearing has not as yet been set.

B. I.C.C. Docket W-926, War Shipping Administration
Temporary Certificate to Operate Coastwise and
Intercoastal Steamship Service

This docket is the outgrowth of the seizure of the vessels of the coastwise and intercoastal steamship lines by the Government during the war period and the efforts of the War Shipping Administration to restore service in these routes since V-J Day.

This certificate was previously granted by order in the aforementioned docket on September 17, 1945, until December 31, 1945, and extended subsequently until June 30, 1946. In the meantime, the War Shipping Administration has requested the extension of this certificate until September 30, 1946. The Department went on record with the Interstate Commerce Commission requesting that the Commission grant this extension. By order dated May 23, this extension was granted for an additional period to and including September 30, 1946.

Intercoastal service was inaugurated under this temporary certificate last November, Pacific Coastwise service in February. The first Atlantic and Gulf coastwise service will be resumed early in July.

C. I&S 5411, Suspension of Increased Rates on Rice
from Gulf Ports to North Atlantic Ports

The Gulf-Atlantic coastwise steamship companies that expect to resume service have increased their dock to dock rates on rice from Gulf ports to North Atlantic ports 13 cents per 100 pounds. They have also compelled the rail lines handling this traffic from the producing areas to the Gulf coast ports to increase the through rail-water rates 13 cents. These increases become effective July 20. We expect to enter a protest with the Interstate Commerce Commission against these increases, and when the matter is set on the Commission's Investigation and Suspension Docket, we will take an active part in the presentation of evidence and testimony in order to endeavor to prevent this increase.

D. Maritime Commission Docket 640 - Port Charges
at California Ports

This docket is the outgrowth of the cancellation of Docket 632 wherein the Board of State Harbor Commissioners attempted to increase wharfage charges 60 percent. As recorded in report for previous period, this increase was protested and finally withdrawn.

The Board of Harbor Commissioners is not satisfied with the present scale of wharfage, dockage, and other charges, and has asked the Maritime Commission to set up a complete investigation into the general level of all of these charges. As a consequence, the

Maritime Commission created Docket 640. The first step is to unify the methods of accounting of the various harbor commissions and dock companies. After this unification has been effected, they will attempt to create a formula for the proper allocation of the total costs. The formula will allocate certain percentages of this cost for the ship and the remaining percentages for the cargoes. At the time the Maritime Commission made their announcement there was some misunderstanding as to the present intent of the Maritime Commission, and this office issued a report attempting to further clarify the purpose of the first part of this Docket.

This matter continues to receive the attention of the Maritime Commission as well as the interested parties, and while no conclusions have as yet been reached, this office is continuing to cooperate in order to protect the interests of the shipper of agricultural products.

E. Maritime Commission Docket 639 - Loading and Unloading Charges - San Francisco Bay Area

Carloading and unloading on the piers of the State Board of Harbor Commissioners for California, located on the San Francisco waterfront, is performed by individual carloading and unloading contractors as well as by carloading and car unloading labor hired by the steamship lines themselves. This service is, in practically all instances, performed at a charge in addition to the line-haul rate. Twenty-eight of these operators formed themselves into a conference and applied for the approval of a conference agreement with the Maritime Commission. In compliance with the terms of the Shipping Act of 1916 they also filed a new tariff of loading and unloading charges with the Maritime Commission. This matter was set for hearing by the Maritime Commission under its Docket No. 639, November 8, 1945, at San Francisco, before Examiner Basham. A representative from the Marketing Facilities Branch together with Counsel, appeared at this hearing in order to protect the interest of, first, the tonnage of the American farmer under Section 201 of the Agricultural Adjustment Act of 1938, and also the interest of the Department as a shipper in its own right. The hearing lasted from November 8 to and including December 7. The tariff filed by the conference was claimed to be 47 percent higher than the charges in effect prior to the war. Witnesses and exhibits put on by the Department proved, however, that the proposed increases would amount to 61 percent on agricultural products rather than the 47 percent as claimed by the conference. The attorney for the conference finally made a motion to the Examiner that they be allowed to withdraw the proposed tariff but that an interim tariff for one year from February 1, 1946, carrying a 33-1/3 percent increase over the present charges be permitted to become effective. This proposal was agreed to by all of the interveners with the exception of the Department of Agriculture and the Pacific Coast Cement Institute. The position of the Department in this matter

was that the record had failed to substantiate even a 33-1/3 percent increase and that the ad interim tariff should not be over 20 percent.

The principal interest of the Department in this case was the matter of whether the jurisdiction as to authority over these types of port facilities should rest with the local State commission, the Interstate Commerce Commission, or the Maritime Commission. In this case it was decided that the Department should assume the position that, in the absence of specific national legislation, it was believed that the authority in this case rested with the Maritime Commission. This stand was argued orally at the hearing in San Francisco, and, upon ruling by the Examiner, our position was sustained.

The Maritime Commission rendered its decision in this case on June 6 awarding the carloaders and unloaders temporary increases for a period of approximately 1 year of 33-1/3 percent. The decision of the Commission stipulated, however, that the operators were to establish uniform cost systems, maintain detailed records, and if at the end of the trial period it was found that the 33-1/3 percent could no longer be justified, reparation should in all instances be made. The decision also upheld the contention of the Department that operators were subject to the jurisdiction of the Maritime Commission. It is felt that this part of the decision will be used as a precedent at other ports thus placing these types of operators under the jurisdiction of a Federal agency.

It is estimated that our participation in this case has been partially responsible for a saving to the shippers of agricultural products and also to the Department of Agriculture as a shipper of approximately \$100,000 per year in loading and unloading charges.

F. Maritime Commission Docket 651, Loading and Unloading
Charges at Southern California Ports

This case is practically parallel to Docket 639. Hearing was held before the Maritime Commission in Los Angeles on May 6. The Department intervened in this proceeding and while no witness appeared in our behalf, we will protect our interests by filing a formal brief.

G. Maritime Commission Docket No. 648, Pacific
European Conference

This case, hearing on which was held in San Francisco on April 15, affects the provisions of the conference agreement, and inasmuch as there will likely be a heavy movement of agricultural products from the Pacific coast through the Panama Canal to Europe, we have intervened in this case and will file formal brief which is due July 15.

H. Maritime Commission Docket 646, Steamship Rates
to and from Puerto Rico

This case involved the proposed filing of the increases of about 50 percent in freight charges on agricultural products and fertilizer from the United States to Puerto Rico and on agricultural products in the reverse direction. We protested these increases, together with other Government agencies and the Office of Stabilization. The original offending increases were finally withdrawn and the privately operated boat lines have now filed with the Maritime Commission a new tariff the rates in which are based on the prewar level plus the wartime surcharge or, in other words, the present going rate. This matter has thus been satisfactorily settled and withdrawn from the dockets of the Maritime Commission.

I. Maritime Commission Docket 641, Steamship Rates to,
from, and between Points in Alaska

The original proposal in this matter included increases of about 100 percent in the rates and charges for transporting general cargo including agricultural products. We have intervened in this case and hearing before the Maritime Commission in Washington began on May 22 and concluded on May 25. Briefs in this case are due July 5.

J. Maritime Commission - War Shipping Administration Petition
to the Interstate Commerce Commission for a General
Investigation into Water Competitive Railroad Rates

On March 21, 1946, the Maritime Commission and War Shipping Administration jointly petitioned the Interstate Commerce Commission to institute an investigation into the above captioned matter. The intent of this petition is an endeavor on the part of the War Shipping Administration to force competing rail lines to cancel all water competitive railroad rates. We have filed with the Interstate Commerce Commission a formal reply to this petition, requesting that it be denied. Similar requests for denial have been filed by practically all the affected rail lines. The large national agricultural organizations and cooperatives, as well as other agricultural groups, have indicated their interest in this litigation.

The Interstate Commerce Commission on July 14 replied to the above petition by formal letter. Briefly, the Interstate Commerce Commission informed the War Shipping Administration and the Maritime Commission that specific complaint would be required naming each individual instance in which the petitioners felt that the rail rates were too low and set a limit of 30 days for the receipt of such specific complaints.

This matter will continue to receive attention.

K. California Railway Commission Docket 27142, San Francisco
East Bay Carloading and Unloading Charges.

This docket was the outgrowth of negotiations before the Maritime Commission in M. C. Docket 639. The original proposal in that instance was an increase of between 59 and 61 percent on agricultural products.

Because of the evidence and testimony put in that docket, in the East Bay operators' application to the California Railway Commission only a 20 percent increase was requested. This increase was granted by the Railway Commission of the State of California, and our participation in the California Railway Commission hearing by our Pacific Coast attorneys consequently afforded a reduction in these charges from about 48 to 51 percent down to 20 percent.

The monetary savings to the shipper of agricultural products and to the Department in this proceeding have been included in the report covering Maritime Commission Docket 639.

L. Agricultural Export Transportation Clinic

As a result of information developed at the New Orleans, Louisiana, "Agricultural Export Transportation Clinic," which was promoted by the Division cooperating with International House, we are taking initial steps to investigate the allegations that Gulf and South Atlantic ports are being discriminated against by the non-application of shipside rates on import-export traffic. Similar traffic moving through North Atlantic ports, it was stated, enjoys shipside rates and by such application the same character of traffic is burdened by "accessorial" charges when moving through Gulf or South Atlantic ports. This situation will be fully explored and if preference and prejudice are found to exist, which are a burden to the products of agriculture, remedial action will be sought.

The New Orleans "Clinic" also brought to light an admission that many of the ports of the United States -- their facilities and equipment -- are antiquated and obsolete. The port official made the statement that "we have two-horse ships and one-horse docks." The U. S. Maritime Commission is presently engaged in conducting a survey of this situation and will make recommendations at a later date. Without adequate port facilities our prospects for agriculture sharing in broader world trade would be handicapped.

IX. MOTOR CARRIER ACTIVITIES

A. General Increase - Motor Carrier Rates
Docket Nos. 496 and 518.

The Central States Motor Freight Tariff Bureau filed supplements effective July 1, 1945 increasing all less-than-truckload rates by 21 cents per hundred pounds, and truckload rates 1 cent per hundred

pounds. The Commission suspended these increases under Docket No. M-2557 and later vacated the suspension order and instituted a general investigation assigning Docket No. MC-C-496. The Central Bureau filed additional supplements effective February 28, 1946, to its tariffs, increasing all less-than-truckload rates on shipments weighing less than 5,000 pounds by 20 cents per hundred pounds.

Between seventy and eighty petitions were filed, including one by this Division, requesting the Commission to suspend the schedules and institute an investigation as to the reasonableness and lawfulness of these increases. The Commission denied the petitions; however, an investigation was ordered under Docket No. MC-C-518.

The Commission ordered a prehearing conference, which was held on April 23, 1946, consolidating the investigation of Docket Nos. MC-C-496 and 518. Hearing has been set for September 15, 1946 at Indianapolis, Indiana. The Division will take part in these proceedings and will be represented by a witness and an attorney.

B. Increase in Motor Carrier Rates - Western Trunk
Line Territory - I.C.C. Docket M2548.

The motor carriers operating within the Western Trunk Line Territory, through their tariff publishing agent, Middle West Motor Freight Bureau, filed supplements to a number of tariffs cancelling a number of commodity rates, and exceptions to the classification applicable on agricultural products. The schedules were suspended and a prehearing conference was held.

The Division intervened on behalf of the farm organizations, and was represented at the prehearing conference where an agreement was reached by the interested parties. The tariff publishing agent reinstated practically all rates on agricultural commodities. The Commission vacated its suspension order insofar as it applied to agricultural products.

C. General Investigation of Motor Carrier Rates -
I.C.C. Docket No. MC-C-527

The Middle Atlantic States Motor Carrier Conference filed supplements effective April 15, 1946 to its tariffs increasing all less-than-truckload shipments weighing less than 5,000 pounds by 11.1 percent and truckload shipments by 1 percent, eliminating lettered column rating, thereby increasing all agricultural commodities 3 percent.

A number of petitions of protests were filed by interested parties, including this Division in behalf of agricultural interests. The Commission denied the petitions, but instituted a general investigation of all rates within the Middle Atlantic States and inter-territorially between the Middle Atlantic and New England

territories.

The Commission held a conference at New York, New York, on May 14, 1946, for the purpose of simplifying the proceeding, and a tentative date of hearing was suggested to the Commission for October 15, 1946, at Washington, D. C.

D. General Investigation - Motor Carrier Rates -
I.C.C. Docket No. MC-C-528

The New England Motor Rate Bureau filed supplements effective April 15, 1946, to its tariffs, increasing all rates, by 10 percent. Previous to filing the increase supplements, the motor carriers' representatives held several public hearings, and a number of agricultural and manufacturing organizations' representatives, including a specialist from this Division, attended these conferences. The motor carriers held out that a 10 percent increase in all rates was necessary; however, representatives of various shipping organizations did not agree.

A number of petitions were filed with the Interstate Commerce Commission requesting the suspension and that an investigation be instituted as to the reasonableness and lawfulness of the proposed increases. The Commission denied the petitions, but instituted a general investigation of all rates within the New England Territory under Docket No. MC-C-528.

The Commission held a prehearing conference at New York, New York, with a view to simplifying the proceeding and the evidence that will be offered by the respondents and interested parties. The hearing has not been set, but it was recommended that it be held at Boston, Massachusetts, October 15, 1946.

E. General Increase in Motor Carrier Rates -
Docket No. MC-C-538

The Southern Motor Carrier Rates Conference filed supplements to its tariff, effective May 20, 1946, increasing less-than-truckload shipments weighing under 2,000 pounds by 30 percent, and 2,000 pounds to 5,000 pounds 20 percent within the Southern Territory.

A number of petitions were filed with the Interstate Commerce Commission requesting the suspension of these supplements and instituting an investigation as to their reasonableness and lawfulness. The Commission denied the petition. However, an investigation was ordered under Docket No. MC-C-538. The hearing is set for July 10, 1946, at Atlanta, Georgia.

This Division is now investigating these increases to determine the effect they will have on the transportation of agricultural commodities within the Southern Territory.

F. Protective Service Charges against Heat and Cold -
C.S.M.F.B., Docket No. 70

The Central States Motor Freight Bureau Standing Rate Committee held a public hearing with regard to the establishing of accessorial charges for protective service against heat and cold, Docket No. 70, at Chicago, Illinois, on June 12, 1946.

This subject has been before the Standing Rate Committee of various motor carrier bureaus for the past year and a half. The motor carriers proposed to establish a National Protective Tariff patterned after the present rail tariffs. It is apparent that this method could not be followed because of the fact that the bureaus could not get the motor carriers to agree. The Division was represented at this proceeding.

The American Meat Institute, individual packers of agricultural products, and a representative from this Division vigorously protested the establishing of separate charges for refrigeration and heater service, because the motor carriers set up the practice and have for a long period indicated that their line-haul rates included these services without additional cost.

G. Protective Service against Cold and Heat within
the Middle West Territory

The Middle West Motor Freight Tariff Bureau filed a supplement, effective April 15, 1946, to Perishable Protective Tariff providing for an accessorial charge covering refrigeration and heater service for account of approximately 450 motor carriers operating within the Western Trunk Line Territory.

Cooperating with the producers and other interested parties, petitions were filed with the Interstate Commerce Commission requesting that the protective service charges be suspended and an investigation instituted as to their reasonableness and lawfulness. The Commission denied the petitions and the schedules were allowed to become effective. However, subsequent to the effective date of these protective service charges approximately 50 individual motor carriers withdrew their concurrence claiming that their line-haul rate includes these accessorial charges.

X. 28-HOUR LAW ENFORCEMENT

Enforcement of the 28-Hour Law has been quite active during the past fiscal year. Because it was not possible during the war to make thorough inspections of stockyard facilities, an inspection trip was made by two members of the staff in June 1946, during which they covered most of the large midwestern stockyards. At the same time discussions were had with field personnel and railroad and stockyard officials looking toward more comprehensive reporting of actual

violations.

The following table shows in concise form the results of this work during the year with comparisons with previous years:

28-HOUR LAW

Analysis of Cases Reported and Analyzed

	Fiscal Year <u>1942</u>	Fiscal Year <u>1943</u>	Fiscal Year <u>1944</u>	Fiscal Year <u>1945</u>	Fiscal Year <u>1946</u>
Reports on hand at beginning of year	20*	100*	982	1,384	1,281
Violations reported during year	757	1,916	2,138	2,181	2,068
Total cases to handle	777*	2,016*	3,120	3,565	3,349
Cases referred to Solicitor	504	613	795	651	244
Reports analyzed dur- ing year	677*	1,034	1,736	2,284	1,757
Total reports on hand at end of year	100*	982	1,384	1,281	1,592
Total number convic- tions during year	280	455	490	576	993
Penalties assessed	\$29,750	\$48,050	\$53,600	\$66,000	\$91,250

*Estimated

In spite of this excellent record of coverage during the year our facilities for the enforcement of this act still do not permit us to detect more than 25 percent of the violations.

XI. SERVICES TO OTHER AGENCIES

As mentioned in the introduction, the Rate Investigation and Compilation Section of the Division was expanded in January 1946 by the addition of personnel from the Field Service Branch and other agencies. This Section is equipped with a tariff library and transportation laws, rules, and regulations, and is a focal point for the quotation of freight rates and other transportation data for the

service of other administrations, bureaus, and offices of the Department. The tariff file of the Field Service Branch has been consolidated with the tariff file of the Division and now consists of approximately 35,000 freight tariffs.

The Division has applied for special Government rates under Section 22 of the Interstate Commerce Act on seven different items requesting extension of the time limit for storing-in-transit items of legume seed at various places in Western Trunk Line Territory on which such transit privileges have expired. It is estimated that there are approximately 521 cars of this seed still in storage and extension of time limit will result in a saving of approximately \$350,000 in freight charges to the Department.

For the period January 1, 1946, to May 31, 1946, or since the consolidation described above, the freight rate quotation personnel have checked and furnished 29,289 separate freight rates to other branches in the Department besides furnishing expert transportation advice in the transportation of farmers' supplies, principally fertilizer and fertilizer materials.

Effective February 11, 1946, the Division undertook to handle the freight rate work for the Federal Crop Insurance Corporation. This includes the quotation of freight rates and expert traffic counsel for use in crop insurance rates which are on a county basis, and based upon freight rates into or out of terminal markets with certain market equalizations.

Any shift in the trend of freight rates on the insurable commodities (principally wheat, corn, flaxseed, and cotton) may require a shift in the basing point market. Therefore, all new tariffs and amendments effecting these commodities must be carefully scanned and changes promptly reported to the Corporation.

All service activities for other agencies are paid for by transfers of funds from such agencies, so this work takes none of the funds appropriated by Congress for work in obtaining freight rate adjustments on agricultural products.

XII. STATEMENT OF ESTIMATED SAVINGS TO PRODUCERS
FROM TRANSPORTATION SERVICES UNDER
SECTION 201 OF THE AGRICULTURAL
ADJUSTMENT ACT, 1939 TO JUNE 30, 1946

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
<u>Grain:</u>			
Ex Illinois River to East (I&S Docket 4718)	\$ 493,304	\$ 2,219,868	\$ 2,713,172
<u>Grain:</u>			
Bulk-Heading Charge in West and Southwest	150,000	675,000	825,000
<u>Rice:</u>			
Southwest to Florida Ports	512,000	1,792,000	2,304,000
<u>Flaxseed:</u>			
Chicago to East	30,000	105,000	135,000
<u>Hay:</u>			
Nevada to Oregon 1943 only	- - - -	1,100	1,100
<u>Grain, Government Owned:</u>			
Transit Rules at Ohio River Points (I&S Docket 5249)	8,000	15,300	23,300
<u>Grain:</u>			
Crosstown Switching Charges at Kansas City, Mo. Cancelled	2,121	7,423	9,544
<u>Rice:</u>			
Southwest to North- east via Gulf Ports 1942 only (I&S Docket 5083)	- - - -	72,187	72,187
<u>Frozen Meat:</u>			
Saved to W.F.A. by Eliminating Refreez- ing at Ports	125,000	8,412,500	8,537,500

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
<u>Frozen Foods:</u>			
<u>Defeat of Proposed</u> <u>Increase in Refrigera-</u> <u>tion Charges</u>	\$ 264,000	\$ 555,000	\$ 819,000
<u>Fresh Fruits</u> <u>and Vegetables:</u>			
<u>Defeat of Proposed</u> <u>Increase in Price of</u> <u>Ice Charged by RRs in</u> <u>California</u>	788,783	1,666,346	2,455,129
<u>Refrigeration Charges:</u>			
<u>Cost of Ice Increase in</u> <u>Southeast</u>	385,000	- - - -	385,000
<u>Live Poultry:</u>			
<u>Free Return of Carotakers</u> <u>in Eastern Territory</u>	118,600	533,700	652,300
<u>Vegetable Oils Imported:</u>			
<u>Suspension Increased</u> <u>Rates Account CCC</u> <u>(ICC Docket No. 27747)</u>	249,162	1,269,975	1,519,137
<u>Fertilizer:</u>			
<u>Canada to S. E. Points</u>	3,000,000	6,000,000	9,000,000
<u>Limestone:</u>			
<u>Between all Points in</u> <u>U. S. Suspension 3%</u> <u>in all Rates</u>	675,000	2,363,575	3,038,575
<u>Liming Materials:</u>			
<u>In Official Territory</u> <u>(AAA)</u>	20,000,000	42,950,743	62,950,743
<u>Commercial</u>	20,000,000	60,000,000 ^{1/}	80,000,000
<u>Cotton:</u>			
<u>Truck Rates in</u> <u>North Carolina</u>	7,000	12,000	19,000
<u>Cotton:</u>			
<u>Southwest to Virginia</u>	2,755	7,005	9,760

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
Cotton: <u>Southwest to Southeast and East</u>	\$ 5,430,000	\$ 27,128,850	\$ 32,558,850
Cotton: <u>Calif.-Ariz. to Southeast, Northeast and Canada</u>	51,000	2,263,020	2,314,020
Cotton: <u>Southwest to Alabama and Georgia</u>	11,540	57,150	68,690
Cotton Bale Covering: <u>General</u>	23,272	83,520	106,792
Phosphate Rock: <u>Florida to Ky. and Mo.</u>	60,530	82,544	143,074
Superphosphate: <u>Proposed Change in Classification Stopped</u>	1,674,750	2,283,750	3,958,500
Cotton Linters:	42,500	- - - -	42,500
Phosphate Rock: <u>New Jersey - Massachusetts</u>	90,000	- - - -	90,000
Limestone: <u>Missouri to Illinois</u>	678,000	- - - -	678,000
Soybean Transit: <u>In California</u>	1,000,000	- - - -	1,000,000
Cotton: <u>Extension of Freight Bills</u>	1,500,000	6,000,000 ^{1/}	7,500,000
Oil, Soybean, and Corn: <u>Increased Rates Post- poned until 8/15/45 CCC (ICC Docket No. 28553)</u>	1,105,100	3,097,500	4,202,600

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
<u>Sugar:</u>			
<u>Defeated Cancellation</u>	\$ 933,330	\$ 8,411,282	\$ 9,344,612
<u>Transit Privileges (CCC)</u>			
<u>(ICC Docket No. 29078)</u>			
<u>Livestock:</u>			
<u>To, from, and within</u>	150,000	362,500	512,500
<u>the South</u>			
<u>(I&S Docket No. 4779)</u>			
<u>Livestock:</u>			
<u>Pick-up in Ill.,</u>	180,000	880,000	1,060,000
<u>Iowa and Wis.</u>			
<u>(ICC Docket No. 28216)</u>			
<u>Livestock:</u>			
<u>Loading and Unloading</u>	180,000	568,905	748,905
<u>(I&S Docket No. 5129)</u>			
<u>Charges at Chicago</u>			
<u>Livestock:</u>			
<u>Rates in Western</u>	500,000	1,916,000	2,416,000
<u>District</u>			
<u>(ICC Docket 17000-9)</u>			
<u>Livestock:</u>			
<u>Loading and Unloading</u>	9,600	8,000	17,600
<u>Charges at Cleveland,</u>			
<u>Ohio</u>			
<u>(F.D. Nos. 14038 and 14718)</u>			
<u>Livestock, Exhibition:</u>			
<u>(I&S Dockets 5149-5174)</u>	- - - -	45,000	45,000
<u>1943 only</u>			
<u>Export Rates -</u>			
<u>Government Traffic:</u>			
<u>(ICC Docket No. 29006)</u>	3,000,000	7,000,000	10,000,000
<u>Terminal Charges:</u>			
<u>Pacific Coast Ports</u>			
<u>(I&S Docket No. 5146)</u>	700,000	1,750,000	2,450,000
<u>Fruit and</u>			
<u>Vegetable Containers:</u>			
<u>Used, Returned</u>	700,000	950,000	1,650,000

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
<u>Wharfage Charges:</u> <u>California Ports</u> (M.C. Docket No. 632)	\$ 97,000	\$ 118,500	\$ 215,500
<u>Bridge Arbitrariness:</u> <u>At Memphis and Lower</u> <u>Mississippi River</u> <u>Crossings</u> (Docket 29366 et al)	40,000	- - - -	40,000
<u>All Commodities:</u> <u>Transit at Gulf Ports</u> <u>when Forwarded by Water</u> (I&S Docket No. 5176) 1942-1945	- - - -	1,077,672	1,077,672
<u>Wool:</u> <u>New Mexico to Boston</u>	36,333	117,166	153,499
<u>Wool:</u> <u>Oregon & Wash. to Boston</u>	73,500	256,750	330,250
<u>Pineapple:</u> <u>Florida to U. S.</u>	9,000	31,500	40,500
<u>Watermelon:</u> <u>Loading Rules in South</u> (I&S Docket No. 4785)	75,000	357,500	432,500
<u>Citrus Fruits:</u> <u>Increase in Estimated</u> <u>Weights</u> (I&S Docket No. 4786)	10,500,000	45,375,000	55,875,000
<u>Potatoes:</u> <u>Maine to South</u> 1940 to 1943	- - - -	120,000	120,000
<u>Apples:</u> <u>Pacific Coast to East</u> 1942 to 1943	- - - -	1,560,000	1,560,000
<u>Potatoes:</u> <u>Maine to East and South</u> 1944 - 1945	- - - -	550,000	550,000

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
<u>Vegetables:</u> <u>Idaho & Oregon to South</u> (I&S Docket No. 5061)	\$ 50,000	\$ 176,400	\$ 226,400
<u>Vegetables:</u> <u>Idaho and Oregon to East</u> (I&S Docket No. 5091)	60,000	135,000	195,000
<u>All Agricultural Commodities:</u> <u>3% Increase Suspended</u> (Ex Parte 148)	75,000,000	187,500,000	262,500,000
<u>Canned Goods:</u> <u>Florida to Pacific Coast</u>	46,000	149,000	195,000
<u>Canned Goods:</u> <u>Texas to East</u>	75,000	135,000	210,000
<u>Vinegar:</u> <u>North Carolina to South</u> (I&S Docket No. 5233)	1,000	1,950	2,950
<u>Onions:</u> <u>Texas to Southeast</u>	20,000	52,500	72,500
<u>Vegetables:</u> <u>Texas to North & East</u>	510,000	1,680,000	2,190,000
<u>Frozen Foods:</u> <u>Pacific Coast to East</u>	7,000	14,700	21,700
<u>Vegetables, Mixed Cars:</u> <u>Texas to Northeast</u> (I&S Docket No. 5218)	55,000	125,000	180,000
<u>Peaches:</u> <u>North Carolina to United States</u> (I&S Docket No. 5306)	5,000	4,500	9,500
<u>Eggs:</u> <u>Pacific Coast to East</u>	2,500	112,500	115,000

<u>Name of Action</u>	<u>Estimated Annual Saving Fiscal Year 1945-1946</u>	<u>Savings Prior to July 1, 1945</u>	<u>Cumulative Saving to June 30, 1946</u>
<u>Butter:</u> Portland, Oregon to California	\$ 6,000	\$ 27,000	\$ 33,000
<u>Eggs:</u> Arbitrary Claim Rule	500,000	- - - -	500,000
<u>Cheese:</u> Pacific Coast to East	7,000	38,500	45,500
<u>Eggs:</u> Maine to Boston, Mass. (Via Motor Carrier)	21,000	73,500	94,500
<u>Motor Carriers:</u> General Rate Increases	<u>54,487,112</u> ^{2/}	<u>123,834,500</u> ^{2/}	<u>178,321,612</u> ^{2/}
Totals:	\$206,513,792	\$555,170,881 ^{1/}	\$761,684,673

1/ Revised

2/ Includes all freight. No way to separate agricultural commodities.